165-694

Supreme Court of the United States.

OCTOBER TERM, 1895.

No. 956

MARTIN AND HILL CASH CARRIER COMPANY,

COMPLAINANT, APPELLANT,

vs.

JOSEPH C. MARTIN,

DEFENDANT, APPELLEE.

ON PETITION OF THE MARTIN AND HILL CASH CARRIER COMPANY FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE FIRST CIRCUIT.

PETITION AND BRIEF.

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No.

MARTIN AND HILL CASH CARRIER COMPANY,
Complainant, Appellant,

vs.

JOSEPH C. MARTIN, Defendant, Appellee.

On Petition of the Martin and Hill Cash Carrier Company for Writ of Certiorari to the United States Circuit Court of Appeals for the First Circuit.

PETITION AND BRIEF.

TO THE HONORABLE THE SUPREME COURT OF THE UNITED STATES:

The petition of the Martin and Hill Cash Carrier Company, the complainant and appellant, in above entitled cause, respectfully shows to this Honorable Court as follows:

STATEMENT OF FACTS.

The defendant, Joseph C. Martin, was the inventor of certain improvements in automatic cash box systems, for which he obtained Letters Patent of the United States, numbered respectively: 255,525, dated March 28, 1882; 276,441, dated April 24, 1883; 284,456, dated September 4, 1883; 314,339, dated March 24, 1885; and 368,219, dated August 16, 1887. It appears in the Speci-

fications that patent No. 276,441, was an improvement on patent No. 255,525, that patent No. 284,456 was an improvement on patent No. 276,441, that patent No. 314,339 was substantially an improvement on patent No. 284,456, and that patent No. 368,219, was substantially an improvement on patent No. 314,339 and patent No. 284,456.

These patents thus formed a series of improvements upon the original patent, No. 255,525, and all related to a system for carrying cash boxes in stores, to and from a cashier's desk, by means of a continuously running cable or cord.

Soon after the issue of the first patent, Martin entered into a co-partnership with Arthur G. Hill, and together they proceeded to manufacture cable cash carrier systems based on the said patents (R. pp. 502, 508, 512, 519), and leased said systems to stores subject to the payment of annual rentals. The system thus manufactured and leased was known, and will hereafter be referred to as the "Martin and Hill System." So extensive and profitable was this business that, on December 21, 1887, the rentals on cash carrier systems then in use yielded $17,000 a year (R. pp. 505, 525).

At that time the complainant corporation was organized by said Martin, Hill, and one Pierce, and "all of the patents which had been issued to" said Martin "for cash carrying apparatus and under which the said Martin and Hill System had been constructed, were conveyed to said corporation by an assignment duly entered of record in the Patent Office at Washington, and another similar assignment was made at the same time to said company of all systems, plants, stations and other personal property used by said co-partners in connection with the said cash carrier system." (R. p. 82).

The consideration paid by the complainant for the assignment of the patents is stated therein to be $1.00 and other valuable considerations, and the consideration recited in the assignment of the "cash or parcel carriers manufactured by said Martin and Hill," and then in use, of the stock, machinery, tools, "sums due under leases," and "all rights under leases" was $250,000. (R. pp. 507, 508).

The capital of the complainant corporation was fixed at $500,000,—$250,000 thereof being reserved in the treasury, and

$250,000 being issued to said Martin, Hill and Pierce, Martin himself having one thousand shares of $100.00 each. (R. pp. 19, 20, 21).

Martin became the president and general manager of the complainant corporation, had the general oversight of the whole business which it carried on, and was actively engaged in introducing into general use the cable cash carrier systems, which it manufactured, and which continued to be known as the "Martin and Hill System," personally soliciting orders for said systems from storekeepers (R. pp. 136, 141, 145).

This business became so successful that on February 18, 1888, these systems were in use in forty-one stores having some thirteen hundred and fifty-seven (1357) stations (R. p. 148), all of which were under lease yielding a rental of about $30,000 a year.

On the last mentioned date, a contract was entered into by Hill and Pierce, in behalf of Martin and themselves, with Messrs. William S. Lamson and Frank M. Ames (R. p. 19), representing the Lamson Consolidated Store Service Company (R. p. 78), by which contract it was agreed that said Martin, Hill and Pierce should sell all of the stock of the complainant corporation to said Lamson and Ames for the sum of $190,000 cash.

This sum was duly paid, and the stock transferred in accordance with said agreement. The connection of Martin with said Company was thereupon severed, and said Company has ever since continued in the business of manufacturing and leasing cable cash carrier systems substantially similar to those made by it before the sale of said stock.

It was found as a fact by Judge Holmes (R. p. 494), in the State Court suit hereinafter referred to, that, at the date of the said contract, Martin had conceived certain changes which might be made in the Martin and Hill system, and immediately after this profitable sale, he devoted himself to reducing these conceptions to practice, with a view to making a cash carrier system to compete with the business which he had thus sold (R. p. 88). On October 19, 1888, or about eight months after the above sale, he applied for a patent for conveying apparatus, which patent was issued March 5, 1889, numbered 399,150, and under this patent he proceeded to manufacture and put in operation the cash carrier system on

account of which this suit was brought, and which system complainant contends is substantially similar to the "Martin and Hill System," which had been sold to the complainant.

In November, 1889, a corporation, called the "Martin Cash Carrier Company," was formed, in pursuance of a contract entered into July 23, 1889, by the defendant with Herbert L. Harding (R. pp. 83, 84). In March, 1890, Martin assigned his new patent No. 399,150 to said Martin Cash Carrier Company (R. p. 531), which has since continued to manufacture, lease and sell cash carrier systems made under said patent and substantially similar to the one made by Martin for which the present suit is brought.

While this suit is against Martin individually, yet the Martin Cash Carrier Company, which acquired all its rights with full knowledge of the pendency of this suit, and has done all its business under the management of Martin, is the party that is really defending this case, as it is the party that would be ultimately responsible for substantially all the injury to complainant's business.

HISTORY OF THE PRESENT SUIT.

The present suit was brought against Martin July 3, 1889, the bill of complaint originally covering infringement of Letters Patent, numbered respectively 255,525, 276,441, and 284,456.

The defendant in his answer denied infringement, and alleged that the conveying apparatus manufactured by him since December 21, 1887, was constructed under Letters Patent numbered 399,150, granted to him March 5, 1889.

April 18, 1894, the complainant amended its bill by striking out all reference therein to Letters Patent numbered respectively 276,441 and 284,456 (R. p. 14a), the circumstances under which said amendment was made being set forth in the affidavit of Mr. M. B. Philipp (R. p. 593).

The case was heard in the Circuit Court and subsequently in the Circuit Court of Appeals under a record made up, under a stipulation dated March 28, 1894 (R. p. 14a), of affidavits, documents and exhibits, and which included copies of certain depositions taken in the suit of the Lamson Cash Railway Company *vs.* Joseph C. Martin *et al.*, in the Circuit Court of the United States

for the District of Massachusetts, and copies of the report of Judge Oliver W. Holmes, Junior, and various documents and pleadings annexed thereto in the cases of William S. Lamson *et al.* *vs.* Joseph C. Martin, and William S. Lamson *et al. vs.* Joseph C. Martin *et al.*, in the Supreme Judicial Court of the Commonwealth of Massachusetts.

The delay which occurred between the filing of the bill and the hearing thereon was due to the pendency of said last mentioned suits, brought by William S. Lamson and Frank M. Ames, to compel the transfer of said patent No. 399,150 to the Martin and Hill Cash Carrier Company, on the ground that said invention had really been made prior to the contract of February 18, 1888, and therefore formed a part of the assets of the latter company at the date of the sale of its stock.

Judge Holmes decided in favor of complainants and used the following language (R, pp. 24, 494):

"I find as a fact that, at the date of the contract A, Martin had conceived the idea of the substitution of flanges on the sides of the box for the pins on the top, and corresponding thereto a switch track for delivery over instead of on one side of the main track; also of a substitution underneath the box of a cam grip of the carrying rope for the one on the end used in the Martin & Hill System. He had not made a model or drawing of the substituted system, but he knew that he could reduce it to practice if he should want to do so.

"The result to which I came in the case perhaps was somewhat affected by my very strong impression that there was the very minimum of invention in the change from the plaintiffs' to the defendants' system. I I find great difficulty in seeing more than would have been within the power of a mechanic skilled in the art to conceive, unless, as the defendants' expert appeared to do, I assume such a mechanic to be a mere dictionary of past knowledge without the average ingenuity which a skilled mechanic naturally would possess.

"I assume, as is conceded by both parties, that the defendant's patent is valid. But again it appears to me that given the conception of changes which I have found that the defendant Martin had in his mind when he made contract A, the difficulty of saying that it required more than the skill of a mechanic skilled in the art to reduce those conceptions to practice, becomes almost insuperable. I am further of opinion that the defendants' system is not properly described as an improvement on, but as a substitute for, and attempted evasion of, the plaintiffs' said system.

"Upon the foregoing view of the facts I rule that, assuming the defendants' patent to be valid, and assuming also that Martin had not reduced the invention therein described to practice within the ordinary requirements of the patent law, still the plaintiffs are entitled to restrain

the defendants from the use of the patent and from operating the system which they are using and operating, as aforesaid, in so far as it uses flanges on the boxes, a switch track above the main track or a cam grip, as above found to have been conceived by Martin before the date of contract A.

"And upon the foregoing ruling, and subject to the findings of fact heretofore made, I find that the plaintiffs are entitled to the relief prayed."

The full bench by a majority opinion (R, pp. 28, 32, 41), held, without overruling Judge Holmes's findings of facts, that, as a matter of law, "the conception of an idea, except under some peculiar circumstances, does not constitute an invention, though there cannot be an invention without it," and that consequently these conceptions at the date of the contract did not constitute an invention within the meaning of the contract, and that, therefore, the complainants were not entitled to compel a transfer of patent No. 399,150, and that if "the defendants' system is an infringement of the plaintiffs' system, then the plaintiffs have a complete remedy for the infringement in the courts of the United States," . . .

The final decree in accordance with said opinion was entered November 7, 1893.

The present suit was thereupon vigorously prosecuted, numerous affidavits being taken on both sides, and a hearing was had before Judge Carpenter on May 18, 1894. The only claim of patent No. 255,525 in controversy was the first claim, and Judge Carpenter held that it was not infringed by defendant's apparatus in view of the prior state of the art, but his decision implies that, if the prior state of the art could not be considered, the defendant's apparatus would infringe. (R. pp. 536-540, copy of opinion by Judge Carpenter).

An appeal was taken on the first day of June, 1894, to the United States Circuit Court of Appeals, and was argued before said Court on October 9 and 10, 1894.

A decision was rendered by the Circuit Court of Appeals, May 9, 1895, affirming the decision of the Circuit Court (R. pp. 547-552, copy of opinion by Judge Colt).

On June 12, 1895, by leave of Court, the complainant filed a "Petition for Rehearing and Alternative Petition for Leave to Amend the Bill of Complaint."

November 20, 1895, a rehearing was granted, limited solely to the question of estoppel.

On December 17, 1895, a rehearing was had on the question of estoppel, and on December 20, 1895, the Circuit Court of Appeals rendered a decision on said rehearing, affirming its former decision and that of the Circuit Court, and denying the alternative petition for leave to amend (R. pp. 597, 598, copy of opinion of Court).

On December 31, 1895, the Circuit Court of Appeals issued a mandate to the Circuit Court in conformity to its decision.

On January 13, 1896, the complainant filed a petition to the Circuit Court of Appeals asking that said mandate be recalled, and on January 28, 1896, the Circuit Court of Appeals recalled said mandate (R. p. 606) on account of the present petition.

QUESTIONS PRESENTED.

The Complainant contends:

First. That the first claim of said patent No. 255,525, as against the defendant, who is the patentee and assignor thereof to the complainant, should be construed according to its terms and apparent meaning, and should not be restricted by reference to the prior state of the art, and that, when so construed, defendant's apparatus clearly infringes said first claim.

Second. That defendant, by the recitals in the specification of patent No. 276,441, to the effect that said patent is "in the nature of an improvement upon" the patent in suit, is estopped, as against the purchaser of both patents, to deny such a breadth to the patent in suit as would admit of the invention of said patent, No. 276,441, being, as it purports to be, an improvement upon the patent in suit, and that, if such breadth must be given to the patent in suit, it is clearly infringed by the defendant's system.

This contention might be put in other language, as follows:

That the defendant, by the recitals in the specification of patent No. 276,441, is estopped, as against the purchaser of that patent and of the patent in suit, from restricting the scope of the patent in suit, by reference to the prior state of the art, in such a way that

the invention of the patent in suit would not, if so construed, be embraced in the apparatus described in said patent No. 276,441, and that, if he is thus estopped, the defendant cannot deny that his present system infringes the patent in suit.

Third. That the defendant, Martin, having, while in partnership with Hill, and while president and general manager of the complainant corporation, before the sale to Lamson and Ames on February 18, 1888, manufactured store service apparatus, known as the Martin and Hill system, and having marked, or caused to be marked, each one of said systems so manufactured, and the cash boxes used therein, as patented on the date of the patent in suit, and having advertised said systems as being manufactured under the protection of the patent in suit,—is now estopped, as against the complainant, to deny such a breadth to that patent as would admit of the invention of said patent being held to be embodied in the Martin and Hill system, and that, if said invention is held to be embodied in that system, it must be held to be equally embodied in defendant's apparatus.

Fourth. That there is nothing shown in the prior state of the art requiring such a limitation of the first claim of the patent in suit as to relieve the defendant from the charge of infringement.

IMPORTANCE OF QUESTIONS INVOLVED AND MAGNITUDE OF AMOUNT IN CONTROVERSY.

The *first* question relates to an exception to the well established rule that a patentee who has assigned his patent is estopped to deny its validity.

This exception has never been recognized by any Court outside of the United States Courts of the First Circuit. It is opposed to the principles upon which the general rule has been held to be based, under decisions of United States Circuit Courts in the Second Circuit and of the House of Lords, and it is opposed to a decision by two judges of this honorable Court sitting in the Sixth Circuit. Such an exception, your petitioner submits, would practically nullify the operation of the general rule, by

allowing a patentee to limit his own patent in view of prior structures to the merest shadow of an invention, and would thus open the door to the very fraud which the Courts have so long tried to prevent.

The *second* and *third* questions are important as constituting an application to patent law of the recently developed doctrine of estoppel by inconsistent positions.

The *second* question is one based upon perhaps the strongest representation from which an estoppel could be implied, the representation being one which was deliberately made and sworn to, and the decision contended for is sustained by decisions of United States Circuit Courts of other Circuits.

The *third* question presents, moreover, a novel point in relation to the effect to be given to the marking of an article as patented, in accordance with the provisions of a United States statute, the reliance that parties should be entitled to place on such marking, and the estoppel which should arise thereby.

The petitioner's contention is in behalf of the only rule which can afford a fair and reasonable safeguard to the interests of the public, and, in fact, of all persons dealing with patentees and patented articles, while giving the patentee himself the full protection which such marking was intended to secure, and the question is, therefore, one of public importance.

The *fourth* question, as to infringement pure and simple, is important in view of the large amount of money involved in this case, and the strong equities in favor of complainant.

Regarding the magnitude of the amount in controversy, your petitioner submits the following considerations:

1. The present holders of the entire capital stock of the complainant bought the same from Martin and his associates for $190,000 in cash, and if, by his subsequent wrongful acts, they are deprived of the benefit of their purchase the loss is certainly a serious one.

2. At the time of that purchase the rental which the complainant was receiving from its licensees was $22 per station, and the

number of stations on systems then leased was thirteen hundred and fifty-seven (R. p. 148). Shortly after that purchase the price charged was changed to $30 per station for the first year, and $22 a year for subsequent years (R. p. 146).

Some time after the present suit was commenced, namely, November 20, 1891, the parties to the State Court suit, including the present complainant, and defendant, and defendant's company, the Martin Cash Carrier Company, entered into an agreement by way of a *modus vivendi*, under which neither was to lease cable cash carrier systems for less than $30 per station for the first year, and $22 per station for each succeeding year, and neither was to sell such systems for less than $118 per station.

After the decision of the State Court suit, in October, 1893, this agreement ceased to operate, and since that time the competition has been intense (R. pp. 78, 146).

The effect of this competition has been such, that the complainant has been obliged to accept rentals as low as $10 and even $9 per station (R. pp. 146, 179). That this has been wholly due to the competition of defendant's company is shown by the fact that there has been no other competition in the line of cable cash carriers (R. p. 148).

3. On the other hand, the defendant's company has leased a large number of systems aggregating 1,800 stations and has sold outright eight large systems containing more than 500 stations (Harding, R. p. 71). Up to October, 1893, these leases and sales were presumably made at the prices agreed on under the *modus vivendi*. Since that time, as both Harding and Martin testify that the prices charged have been higher than those charged by complainant, it is fair to assume that a large profit has been made on this extensive business.

4. Moreover, the leases by defendant's company have in many instances been made to former users of the Martin and Hill system, and thus the business which Martin sold has been directly attacked by his new company (Ames, R. pp. 17-18; Harding, R. pp. 72-73).

5. Mr. Frank M. Ames, president of the complainant, testified December 27, 1893,—shortly after the *modus vivendi* had expired, and hence before there had been much competition in prices—that

the injury to the complainant amounted then to over two hundred thousand dollars (R. pp. 17, 18).

Bearing in mind the facts stated above, remembering that all the affidavits were made fully two years ago, and that the patent in suit has three years more to run, it can readily be estimated that the injury to the complainant—past and future—will amount to hundreds of thousands of dollars.

I.

THE ESTOPPEL, WHICH PREVENTS A PATENTEE WHO HAS ASSIGNED HIS PATENT FROM DENYING ITS VALIDITY, SHOULD APPLY EQUALLY TO PREVENT HIM FROM LIMITING THE APPARENT SCOPE OF THE CLAIMS BY REFERRING TO THE PRIOR STATE OF THE ART.

A. Discussion of law applicable to this point.

It is established beyond the possibility of question that a patentee, as against his assignee, is estopped to deny the validity of his patent.

The basis of this rule is twofold:

(1) The oath of the patentee in applying for his patent.

(2) The implied warranty arising from the sale of the patent.

(1) OATH AS GROUND FOR ESTOPPEL.

The patentee has sworn in making his application that he believes himself to be "the original" and "first . . . inventor of the improvement . . . *claimed*," and which improvement is stated in the specification to be "new and useful," and he further swears that the improvement "has not . . . been in public use . . . for more than two years prior to" his "application," and that he does "not know" and does "not believe

that the same was ever known or used prior to" his "invention thereof."

In view of this oath, it is held that it would be unconscionable for the inventor afterwards to deny the truth of what he has thus represented.

The representation thus made, however, when closely examined does not simply include the assertion of the several attributes of originality, novelty and utility, as applied to the claims of the patent, but must include primarily the assertion actually made therein that those claims themselves represent fairly what the patentee asserts his invention to cover.

As against the world, he may be held to be in error in every respect:—his invention may lack originality, novelty and utility, and all the other conditions of validity, and even if his patent is valid, yet his claims may be far broader than he was entitled to make them in view of prior patents, and a correspondingly narrow interpretation may be given to them.

But when he himself, having sold his patent, having derived all the benefit he can from it, seeks to attack that which has been granted to him on the strength of his representations and oath, equity checks him by applying the doctrine of estoppel.

He is held estopped to deny to the claims of his patent the originality, novelty and utility which he had formerly attributed to them.

Shall he not equally be held estopped to deny that those claims as they read fairly represent the invention for which he attempted to secure letters-patent? Shall he in this case alone be allowed to say that the claims which he had formulated as covering the gist of his invention were false? Can it be, that, in the case of the originality, the utility and the novelty, which he claimed for his invention, proof cannot be adduced by him to show that such assertions were false, and yet, that the broad claims which he distinctly made for his invention must be construed contrary to their evident, natural meaning in order to avoid all that has been covered in earlier patents?

Why should the patentee be denied the right to refer to a prior patent which entirely invalidates his own and yet be permitted to refer to one which robs it of all its merit as a protection against competition? Should the patentee be forbidden to infringe his own

patent, even though it was completely anticipated by a prior patent, and yet be allowed, by attributing to it a mere scintilla of invention,—contrary to its apparent meaning—to make free use of what he had claimed as his own invention and had sold as one protected and covered by a patent?

(2) WARRANTY ARISING FROM SALE.

This ground for the rule that prevents a patentee who has assigned his patent from denying its validity may best be stated in the language of Judge Wheeler in the case of *Faulks* vs. *Kamp*, 3 F. R. 898. Here it appeared that the patent in suit had been granted to Brown, one of the defendants, and had through mesne assignments been assigned to the complainant. The defendants denied the validity of the patent, alleging that Brown was not the original and first inventor of the improvement described in it, and that they had acquired a prior patent covering the same improvement, and they also denied infringement. The Court said:

"There is considerable doubt whether the patent, as between the owners and the public generally, is of any validity. . . . But it is argued for the orators that they are entitled to have the patent treated as valid, as against the defendants, whether it is valid generally or not, and this claim seems worthy of consideration. Every seller of personal property impliedly warrants that he has title to and right to sell what he assumes to sell. His undertaking to sell includes an undertaking to that effect. . . . The nature of the right covered by Letters Patent, does not seem to be such that a warranty of the right cannot be implied. The patent purports to grant the right to exclude all others from practicing the invention. . . . The defendants in possession and enjoyment of that exclusive right assumed to sell and transfer it. After that, in justice, they ought not to be heard to say that they had it not and did not sell it, and to be allowed to derogate from their own grant by setting up that it did not pass. . . . It is argued for the defendants that as the conveyances were of the right, title, and interest of the grantors, the warranty would only extend to whatever right they might have which passed, and that the warranty was kept. But the conveyances were made to carry out the sale in the manner required by law for passing the title, and the warranty grew out of the sale, and not out of the form of the conveyance. . . . It is also urged that the purchaser knew of the defects and was not deceived, and that, therefore, the defendants are not estopped. But the rights of the orators do not rest upon the estoppel merely; they rest upon the purchase, which must operate so that the orators may have what they bought, and so that the defendants shall not both sell and keep the same thing.

"The evidence of the acts, conduct, and claims of the defendants leaves no room for any fair doubt but that they infringe by doing what they

claimed and exercised as their exclusive right when they had the patent, and by practicing the invention which the patent purports to cover."

The warranty here spoken of is a warranty against the vendor himself, that he was the owner of the thing sold, and in this case the thing sold is the monopoly represented by the patent, the description of the exact limits of which is given in the claims.

Now, if there is any warranty in such a sale, as against the vendor, that the thing sold is genuine and that the vendor has title to it, such warranty cannot extend simply to there being some originality, novelty and utility in the invention, but must extend to whatever the patent itself defines as its limits, or, as Judge Wheeler says, to what "the patent purports to cover."

Such a warranty is reasonable, equitable and in accordance with well known principles of the law of sale.

Judge Putnam himself gives this as the ground for this form of estoppel in his opinion in the case of *Babcock* vs. *Clarkson*, 11 C. C. A. 351, where he uses the following language:

"Joseph T. Clarkson, one of the respondents below, was the original patentee, and the title of complainants is derived under assignments from him for a pecuniary consideration, valuable in law, though said to be small. Consequently, an estoppel operates against him. The precise nature of this estoppel does not seem to have been always clearly apprehended. It is, in effect, that, when one has parted with a thing for a valuable consideration, he shall not, so long as he retains the consideration, set up his own fraud, falsehood, error, or mistake to impair the value of what he has thus parted with. As applied to the specifications of a patent, the vendor patentee is as much barred from setting up that his allegations therein were merely erroneous as that they were wilfully false. This is as much in harmony with sound morals as with the fundamental rules of equity law. The estoppel is not technically by record; nor is it the usual estoppel in pais, arising from the representations or silence of the party against whom the estoppel is charged, . . . "

(3) ARGUMENTS ALLEGED AGAINST THE ABOVE RULE.

It has been suggested that the estoppel against a patentee denying the validity of his patent is akin to and derived from the rule that a tenant cannot dispute his landlord's title, and it is claimed, as a reason for permitting the patentee to limit the scope of the claims by referring to the prior state of the art, that a tenant is permitted to show the true boundaries of the close as to which he claims that

his landlord has no title, and, if these boundaries do not include the land leased to him, he can, as to such other land, dispute the title of his landlord.

This rule clearly has no bearing on the present question, for two obvious reasons. First, the estoppel here contended for does not owe its origin to any relation akin to that of landlord and tenant as would be the case between licensor and licensee under a patent, but depends as we have seen on the oath of the patentee and the warranty arising from the sale. Secondly, while a tenant may show the true boundaries of the close leased with a view to showing that the land in dispute is not a part of the land leased, he cannot, under that cover, attack his landlord's title to any part of the land actually described in the lease, merely admitting his title to some other portion so as to escape the application of the doctrine of estoppel.

Such is the effect of the rule your petitioner is here contending against, and its absurdity is apparent when it is thus applied to a lease of real estate.

(4) AUTHORITIES.

The Court, in its decision in this case, simply refers to its own opinion in two earlier cases.

The last of these earlier cases is that of *Babcock* vs. *Clarkson*, 11 C. C. A. 351 (cited above), in which Judge Putnam approves the rule laid down in *Ball and Socket Fastener Co.* vs. *Ball Glove Fastening Co.*, 7 C. C. A. 498, but states, however, that this proposition was not contested by the respondents, and the opinion of the Circuit Court in the same case (58 F. R. 584) shows that the file wrapper and its contents disclosed that broad claims had been made and disallowed in the patent office.

In the case of *Ball & Socket Fastener Co.* vs. *Ball Glove Fastener Co.*, 7. C. C. A., 498, 503, Putnam, J. used the following language:

"To sum up: So far as this suit is concerned, the various patents referred to in the agreement are to be held valid, and the claims in each to be fully sustained according to their fair intent, as such claims are usually construed under the rules of the patent laws; and, so far as the

validity and *extent* of the claims are concerned, neither is to be diminished by any prior patents or inventions, known or unknown, disclosed or undisclosed, although they may come in, to some extent, for the purposes which we will state."

"The record contains very much touching the state of the art, and prior patents. From what we have already said, it is plain that they cannot be introduced here for the purpose of invalidating any of the patents covered by the contract, *or any portion of any claim of any of such patents.* Nevertheless, they, as well as the file wrappers and their contents, are appropriate to be considered for ascertaining the true construction of the various patents involved, and especially for determining whether, according to such construction, the improvements were of a primary or secondary character, and how far the combinations admit of the doctrine of equivalents."

The opinion then proceeds to limit the construction of the patent then in suit, not by reference to prior patents, but merely by referring to the file wrappers and their contents. The expression in said opinion in relation to limiting the construction to be put upon the claim by referring to prior patents was therefore unnecessary and *obiter dictum.*

This dictum is not based upon decisions of any other Courts, nor has it been subsequently followed by any other Court, and it should not, your petitioner contends, form the basis of future decision.

Moreover, this opinion itself, in contradiction of the conclusion reached, properly asserts that "the state of the art and prior patents" "cannot be introduced" "for the purpose of invalidating" "*any portion of any claim of any of such patents*" or of diminishing the "*extent* of the claims." These expressions must mean just what we here contend, viz.: that a broad claim cannot, as against the purchaser from the patentee, be construed narrowly by reference to prior patents.

Your petitioner contends that the subsequent language of the opinion, so far as it is inconsistent with this rule, is either erroneous or that it must be taken to mean less than it has been held to mean in the present case.

In opposition to the foregoing decision your petitioner begs leave to refer to an unreported case, decided January 29, 1889, by Mr. Justice Brewer and Mr. Justice Brown, of this Court, sitting as the Circuit Court for the Eastern District of Michigan.

This was a suit brought by the Galvin Brass and Iron Works against Thaddeus Galvin, John Galvin and James Galvin, to restrain them from infringing a certain patent, taken out by said Thaddeus and John Galvin, and by them assigned to the complainant. The defendants, after selling the patent to the complainant, were at first employed in its works, but were subsequently discharged, and their stock was purchased by the other stockholders. They soon after commenced the manufacture of valves infringing the patent in suit.

A motion was made for a preliminary injunction, and the hearing thereon was had before Judge Brewer, then circuit judge, and Judge H. B. Brown, then district judge.

On the argument, the defendants attempted to limit the scope of their patent by an old patent showing a valve somewhat closely resembling theirs. Mr. George H. Lothrop, counsel for complainant, contended that this could not be permitted, that the assignor of a patent could not dispute its validity, that limitation was only one step toward anticipation, and that, where the patentee was the assignor and the defendant, the assignee had the right to have the patent construed exactly as it read, on the ground that the language of the patent was the defendant's own language, and that the defendant was estopped from setting up that what he stated in his patent was not true as he said it.

On the following day, Judge Brewer and Judge Brown, in a short oral opinion given by Judge Brewer, decided in favor of the complainant, and granted an injunction.

Your petitioner submits that the case of *Faulks* vs. *Kamp*, 3 F. R. 898, decided in the second circuit and cited above, in the principles it sets forth, is in conflict with the principle involved in the decisions of the Circuit Court of Appeals for the First Circuit, cited above.

Liberal views as to the rights of purchasers of patents against patentees attempting to infringe are also expressed and held in the following cases decided in the second circuit.

Adee vs. *Thomas*, 41 F. R. 342, 345.
Time Telegraph Co. vs. *Himmer et al.* 19 F. R. 322.
Loring vs. *Booth et al.*, 52 F. R. 150.

In the recent English case of *Clark* vs. *Adie*, L. R. 2 App. Cases, 423, the principle your petitioner is contending for was very clearly expressed, although that case was one arising under a license, and therefore not so strong a case as the present one. Here the licensee was seeking to evade the payment of royalties on the ground that what he was making did not come within the claims of the patent as limited by certain prior American patents. It was held that he could not so limit the construction which the patent naturally bore.

Lord Hatherley in his opinion (p. 433) suggests that the view contended for by defendant (the licensee) would involve a patentee saying in effect:

"The mode in which a patent of this description is now construed by me is this: when you find it is a construction for an improvement of a machine, then look to all the other machines which have been constructed for this purpose,—take out of the apparent largeness and generality of this claim all those inventions and improvements which have been anticipated by the other letters patent which I produce and show in evidence—hold, on my behalf, that I must have known all these prior inventions, and that therefore it is most preposterous to suppose that I can be claiming them,—I ask the Court therefore to cast out of its purview all that had previously been invented, and to leave me in possession of the residuum as that on which I can be held to insist against an infringer. Whatever may be the length to which the principle on which Foxwell vs. Bostock" (12 W. R. 723) "was decided has been carried, it seems to me that it would be a very extraordinary construction of letters patent to say that the Court would take care to steer a patentee clear of all those rocks which are ahead of patentees in consequence of previous inventions, by the simple assumption that it was impossible that he could mean to claim those things which had been already invented, and therefore you must reduce his claim to a minimum as long as you find anything to reduce it to—you must reduce it to those things which had never been invented before, and so hold, on the construction of the present patent, that you have reduced it to the parallelism and the substitution of the additional blocks for the purpose of cutting hair at different lengths. It appears to me to be perfectly plain that we must construe these letters patent in a simple way, as the patentee has chosen to explain them for himself in framing his claim. . . . He has told you what he claims, namely, those things which I have read. It seems to me that you cannot confine the claim to that which the licensee, because it suits his purpose, wishes to confine it to, any more than you could have done that in the case of an infringer if this had been an ordinary action for infringement."

Referring to the introduction in evidence of the prior patents, Lord Hatherley says:

"The evidence having been admitted for a legitimate purpose, it would be perfectly legitimate to let it remain on record, but as regards the question whether that evidence could be used in the manner in which it has been pressed upon us in argument, namely, as showing, step by step, that first one portion of what this patentee seems to me to have claimed, is to be rejected because it was invented by somebody else before him, and then that another portion of what he claims is to be rejected because it was invented by another person before him, and that therefore it is legitimate to use such evidence in construing language, which is in itself plain, for the purpose of showing that it could not possibly have that which is its ordinary and primary meaning, because if it had that effect it would leave the patentee subject to the destruction of his patent: I apprehend, my Lords, that it would be doubtful indeed whether it is evidence which could be pressed as being useful for such a purpose."

B. Application of Foregoing Discussion to the Present Case.

The object of the patent in suit is thus stated in the specification:

"This invention relates to the details of the construction of automatically-moving cash-boxes and devices for moving such boxes from one place to another, *the object being to obviate the employment of persons for carrying cash between the salesman and the cashier in mercantile establishments, and to place at the immediate disposition of those persons effective and rapidly-operating means for conveying money, papers, &c., from one to the other.*"

The claims are as follows:

"1. In an automatic cash-box system, the track b, the endless cord o, the cash-box v, and appliances, substantially as described, for attaching said box to said endless cord and for automatically detaching said box therefrom, and a suitable motor to give a motion to said cord, all combined and operating substantially as set forth.

"2. In combination, the grooved track b, the endless cord o, the hinged cover s, having the curved guards w, and the stops f thereon, the cash-box v, having the arm r, and the spring-actuated clamping-lever thereon, and a suitable motor, substantially as set forth."

It will be noticed that the first claim, which is the one in controversy in this case, is for a combination of five elements, namely: a track, an endless cord, a cash box, appliances for attaching the box to the endless cord and automatically detaching the box therefrom, and a motor.

That such a claim is not limited by the use of the reference letters and the phrases "substantially as described" and "all combined and operating substantially as set forth," to the precise form described, is clearly laid down in numerous cases.

Winans v. *Denmead*, 15 How. 330.
Reece Button-Hole Machine Co. v. *Globe Button-Hole Machine Co.* 10 C. C. A. 194.
M'Cormick Harvesting Machine Co. v. *Aultman & Co.* 69 F. R. 371, 393.

That the patent in suit was a pioneer invention in the art of cable cash carrier systems appears by the fact that defendant has been unable to refer to a single prior patent in that art, and by the testimony of Mr. Edward S. Renwick (R. pp. 156, 157), and even defendant's expert, Mr. Henry B. Renwick (R. pp. 129, 131), admits that this claim includes equivalents and substitutes. The prior patents referred to were either for other forms of cash carrying apparatus, or cable systems for the conveyance of persons, coal, etc., not adapted in any way to store service.

Defendant is also estopped by the recital in the specification, above quoted, from denying that the object of his patent was the general one of providing a means to obviate the employment of cash boys, and not merely an improvement on some existing means. The use of the expression "details of construction," is obviously a relative term. Defendant was not claiming all systems of carrying cash, but he shows and claims the construction of cash carrying apparatus operated by means of a continuously running cable.

The defendant, however, claiming that this patent should be limited by the prior state of the art, insists that its scope should be confined to certain features of the precise form of apparatus described in the specification, features that are not referred to in any way in the first claim, and which are not necessary to the functions to be performed by the apparatus.

He practically admits and in fact contends through his experts, that, apart from these specific features, which he dispenses with in his new system, —as he did also in all his subsequent patents

and in all the systems which were put on the market by him when in partnership with Hill, and by the complainant while he was its president and general manager,—the patent in suit would be entirely anticipated by prior patents, especially by the English patent of Wirth. He admits in substance that he would not be entitled to claim such anticipation, as it would amount to proving that his own patent was invalid, which he is estopped to do.

For this reason, his endeavor is to show that there was patentable novelty in these minor features, and that, for his benefit and because he cannot show said claim to be entirely invalid, he should be allowed to read them into it. His expert, Mr. Henry B. Renwick (R. p. 185), frankly shows the line of argument thus adopted when he says in regard to the differences which he points out: "Such differences may be called immaterial and trivial, but if they are not taken into account the Martin patent is bad (as above construed); if they are considered it may be held good but so narrowed as not to include the defendant."

Thus, by the application of the rule, which your petitioner is contending against, allowing a patentee to limit the scope of his own patent as against his assignee by reference to prior patents, the absurd position is reached, that the owner of the patent would be entitled to its protection against infringement by the patentee if he can succeed in proving it to be entirely invalid, while the patentee, who is infringing it can escape prosecution if he can prove the patent to have some slight feature of patentability which his new structure dispenses with. The natural position of these contestants becomes thus completely reversed.

Under the rule here contended for, on the other hand, a patentee would be forbidden to limit the natural interpretation of the claims of his patent as much as he is forbidden to show its invalidity, and the rights of the purchaser would thus be protected in a just and fair manner.

If such a rule were applied here, there can be no question but that the defendant's apparatus infringes the first claim of the patent in suit.

Judge Carpenter in his opinion says (R. p 538):

"The complainant argues that this claim covers all machines which have a box carried on a track, an endless cord operated by a motor, a device for attaching the box to the cord and a device for automatically detaching the same. *In this view it is undoubtedly infringed by the device used by the respondent*, which is that represented in Letters Patent No. 399,150, issued March 5, 1889, to the respondent. *The box, the track, the cord and the motor are the same;* the attachment in the patent in suit is made by lifting the spring-cover by hand, and in the respondent's device by turning the rock-shaft by hand or by pushing the box forward by hand so that the rock-shaft will be engaged with a cam and so be turned as before; and the automatic detachment is effected in the patent by two curved guides between which the cord-clamp lever and the thumb-piece run and are thus made to approach each other, and in the respondent's device by a cam which engages the end of the rock-shaft."

It is clear from the testimony of defendant's experts, Mr. Livermore (R. p. 118) and Mr. Henry B. Renwick (R. pp. 130-131), and from an assertion in defendant's brief before the Circuit Court of Appeals (pp. 65-66), that defendant's attaching and automatic detaching device is substantially that of Wirth, and therefore a well known equivalent at the date of the patent in suit for the attaching and detaching device therein described.

Hence your petitioner submits that defendant's system, as it possesses four of the elements of the first claim of the patent in suit and the equivalent of the fifth, clearly infringes said patent, provided said claim is construed, as your petitioner contends it should be, without regard to the prior state of the art.

Defendant's attempt to limit the patent in suit to certain "immaterial and trivial" features is based wholly on the assumption that he is entitled to limit its scope by reference to prior patents, and is therefore wholly irrelevant if your petitioner's contention on this question of law is sound.

It may, however, be worth while to examine these limitations, and your petitioner submits that it can show that they are not in any way necessary to the proper construction of the patent in suit, if it is not to be limited by prior patents. As this involves a somewhat extended consideration of the mechanical operation of these devices, such a discussion will be given in Appendix A.

In conclusion your petitioner would refer to the case of *Howe Machine Company* vs. *National Needle Company*, 134 U. S., 388, in which the complainant made a contention very similar to that of the defendant in the present case.

The patent sued on contained a general claim for a machine for producing points upon articles subjected to its action, but the drawings showed a system for making points for needles. In view of a prior use by one Murdock of a device for turning pointed skewers of wood having the same general characteristics as the patented machine, the complainant sought to limit its patent by reference to the drawings to a device for making points on needles.

The court refused to permit such a limitation to be made to the claim, and Mr. Chief Justice Fuller said (pp. 394, 397):

"Doubtless a claim is to be construed in connection with the explanation contained in the specification and it may be so drawn as in effect to make the specification an essential part of it; but since the inventor must particularly specify and point out the part, improvement or combination which he claims as his own invention or discovery, the specification and drawings are usually looked at only for the purpose of better understanding the meaning of the claim, and certainly not for the purpose of changing it and making it different from what it is. . . .

"There is nothing in the specification about the nature of the material to be used, nor is the device limited to the production of awls and needles, although the drawings show that mode of applying the invention, and 'the particular instance illustrated' is that 'designed and adapted to the formation of awls or machine needles.' But the invention claimed is not restricted to lathes for turning sewing machine needles, nor did the patentees by disclaimer place any such limit upon the construction of the patent."

In the present case the objection to such a limitation being made to the claim is much stronger, as the patentee is here seeking to so limit it, not in order to sustain the patent against an infringer but so that he may himself be enabled to infringe it.

II.

ESTOPPEL BY RECITALS IN PATENT NO. 276,441.

The patent in suit was the first one taken out by defendant in relation to his cash carrier system, and its object is stated in the specification as follows:

"—— the object being to obviate the employment of persons for carrying cash between the salesman and the cashier in mercantile establishments, and to place at the immediate disposition of those persons effective and rapidly-operating means for conveying money, papers, &c., from one to the other."

The second patent taken out by defendant numbered 276,441 (R. p. 213), contains in its specification the following recitals:

"This invention relates to improvements in the construction of the tracks, terminal and way stations, and the cash-boxes of automatic cash-box systems, the object being to provide improved cash-boxes and stations, together with portions of the track adjoining the same, whereby the sending and receiving of said boxes, both at the terminal and at the way stations, is facilitated and made more convenient, and whereby the stopping of a box at the particular station for which it is destined is made certain.

. . . . . .

"*This invention is in the nature of an improvement upon my patent of March* 28, 1882. In the cash-box system herein described I employ, as in that described in said patent, an endless moving cord, and cash-boxes adapted to be drawn upon suitable tracks to and from different parts of a store or other room; but the improvements herein set forth provide for contiguous tracks, upon one of which the box is sent to the cashier's desk, and upon the other one the box is returned to the sender; and, furthermore, provision is made, through the interoperativeness of the cash-boxes and tracks, for stopping each one of a series of boxes at its predestined station, said track being provided with a series of stations along its border, and with means for causing the proper box to be there disconnected from the said cord."

It will be noticed that, while the object of the patent in suit is stated to be the broad one of providing a means of rapidly conveying money, etc., in stores, the object of the second patent is declared to be the improvement of cash boxes, tracks and stations, which are all elements of the first claim of the first patent, the stations being substantially the detaching devices of the system.

This is made positive by the next recital which describes this second patent as "in the nature of an improvement" on the patent in suit. The patentee then proceeds to refer specifically to the employment of the "endless moving cord," and "cash-boxes

adapted to be drawn upon suitable tracks," as in the system "described in said patent," and he then states the improvements which his new invention is intended to effect in said system.

Now the second patent involves the use of every one of the elements referred to in the first claim of the patent in suit, namely, a track, an endless cord, a cash box, appliances for attaching the box to the endless cord and for automatically detaching it therefrom, and a suitable motor to give motion to the cord.

But this second patent dispenses with every single feature to which defendant's experts have sought to limit the patent in suit.

This may readily be seen by reference to patent No. 276,441 (R. p. 210), and to these limitations, as expressed in Judge Colt's opinion (R. pp. 551–552), in the testimony of defendant's expert, Mr. Henry B. Renwick (R. pp. 132,134), and as discussed in Appendix A of this petition.

Hence, if defendant's present contention as to these limitations is sound, the invention of that patent is not in any way embraced in the apparatus described in defendant's second patent, No. 276,441.

But your petitioner submits, that he is estopped from making any such contention by the recitals quoted above from the specification of said patent. The assertion that patent No. 276,441 is "in the nature of an improvement" on the patent in suit must mean that it contains the invention of the patent in suit with certain additions thereto, or changes therein, not affecting its essential character, which is the true nature of all improvements.

That such a recital in a specification, which is a formal statement, deliberately prepared and sworn to, is a ground for estoppel, is sustained by the authorities.

In the case of *Heaton Peninsular Button-Fastener Co.* vs. *Schlocht-Meyer*, 69 F. R. 592,596, decided by the Circuit Court for the Southern District of Ohio, July 22, 1895, Sage, J. says:

"The patent is, as is well said by counsel for defendant in their brief, the title deed through which the complainant must derive all his rights. It is the grant of a monopoly, and, with rare exceptions, every statement

of the prior state of the art therein contained bears upon the construction, and is a limitation of the grant. The description in the specification of the existing art, and of the applicant's improvements, form the representations upon which he obtains the grant. Having done so, he is estopped to say that his representations were incorrect. If the recitals of the state of the art do not tend to limit, explain, or nullify the grant, they are of no possible pertinence, even if the same facts were fully proved *aliunde*. If, on the other hand, they do have such tendency, the patentee is bound thereby, and the patent must be construed in the light of the facts so recited."

In the case of *Wright* vs. *Postel*, 44 F. R. 352, decided by the Circuit Court for the Eastern District of Pennsylvania, October 13, 1890, the complainant, who had obtained two patents, sued the defendant for infringement of both. The second patent was held invalid. Butler, J, says, (p. 354):

"The validity of the earlier patent (No. 290,303) was not questioned on the argument. If, however, its claims are strictly construed, and thus confined to the particular character of machine described, and manufactured under it, the defendant does not infringe. The plaintiff contends that the claims should be liberally construed, so as to embrace the substitution of an endless chain for the wheel, substantially as shown in the defendant's machine. Whether the plaintiff's sworn declaration when applying for the later patent—in effect that the use of such a chain in his combination is not covered by the earlier patent—upon which others may have acted, and a favorable decision of the office was obtained, should stop him from asserting otherwise now, need not be considered. It is certainly persuasive evidence against him."

It will be noticed that in this last case, the recitals in the specification of a later patent in regard to the scope of the earlier patent, were considered as preventing the patentee from urging a different construction of such earlier patent. This is precisely what is contended for here.

It is a representation upon which others are entitled to rely and doubtless do rely.

And it is, moreover, the assumption of an inconsistent position, and as such is clearly a ground for estoppel.

Such estoppel prevents the defendant from limiting the scope of the patent in suit to features which were not embraced in patent No. 276,441, and upon which said patent could not by any possibility be held to be an improvement, and this estops him from claiming the benefit of all the limitations which he has contended for.

Without these limitations, the defendant's apparatus is clearly an infringement of the first claim of the patent in suit, even though that claim were invalid in view of the patent to Wirth, for the defendant is estopped to set up such fact.

Your petitioner's contention on this point is further borne out by the fact that the subsequent patents in relation to cable cash carriers taken out by Martin and now owned by the complainant, purport as was stated above, to be successive improvements — each upon one or more of the earlier patents, and thus the Martin and Hill system, which is shown as finally developed in patent No. 368,219, is by these several recitals connected directly with the patent in suit as the foundation patent of the system.

Your petitioner would also refer to the testimony of the defendant himself in a suit brought in the Circuit Court for the District of Massachusetts by the Lamson Cash Railway Company against Martin and his partner Hill, a copy of which, with the deposition of his brother, Luther A. Martin, and one Moran, form part of the record in this case. (R. pp. 408-492).

From this testimony it appears that at the time he applied for the patent in suit, December 14th, 1881, he had in use what he refers to as the "black walnut apparatus," which was erected about the middle of October, 1881, in which there was an upper and lower track, an endless cable driven by a motor, cash boxes, each with a gripping device and with an open cover, which could be removed from the track by hand and replaced thereon, and which were switched off at the stations out of the way of other boxes. Such an apparatus was similar in all these respects to defendant's system, and contained none of the limitations to which defendant seeks to restrict his first patent.

He explained these changes to his patent solicitor, and accepted his advice that the system was not essentially different and proceeded with his application as originally drawn. (R. p. 444, A. to Cross-Int. 202.)

In answer to Int. 109 (R. p. 431), he testifies:

"My object in applying for the features developed in my first patent *was to secure the combination of a cord and automatic clamp device which worked to my entire satisfaction in combination with a motor.*"

This is confirmed by his brother, Luther A. Martin, in answer to Cross-Int. 147, (R. p. 492).

The patent in suit was granted without amendment or modification of the application as originally filed.

Your petitioner has referred to the foregoing testimony, not as having any direct bearing on the question of estoppel, but as confirming, by defendant's own testimony and acts in applying for his patent, what is here contended for, on the ground of estoppel.

III.

ESTOPPEL BY CONDUCT AND REPRESENTATIONS IN MARKING AND ADVERTISING.

As this subject is one involving somewhat extended references to the record as well as an examination of authorities applicable to the question involved, your petitioner will here merely give an outline of its argument on the subject, and will give such references and discussion of authorities in Appendix B.

FACTS FROM WHICH ESTOPPEL IS ARGUED

The defendant Martin, as stated above, while in partnership with Hill, and later while president and general manager of the complainant, manufactured and introduced into use in stores, store service apparatus known as the "Martin and Hill System."

Each one of these systems was marked as patented on the date of the patent in suit, and they were advertised in circulars as being patented on that date. (For Copy of Circular see pp. 59-62 of this Petition.)

It was from the leases on these systems that Martin and Hill received their revenue at the time when the complainant bought Martin's patents and the assets connected with the business of manufacturing cable cash carriers under said patents for $250,000, and it was likewise from the leases on these systems that the complainant received its revenue at the time when Messrs. Lam-

son and Ames bought its entire capital stock from Martin and his two associates for $190,000.

A few months after this sale Martin constructed another system of store service apparatus, embodying the features which Judge Holmes found as a fact that he had fully conceived prior to the said sale of his stock (R. p. 24). This system—for which the present suit is brought—was substantially similar in construction and mode of operation to the "Martin and Hill System," and, as Judge Holmes expressed it (R. p. 25) one which is "not properly described as an improvement on, but as a substitute for, and attempted evasion of the plaintiffs' said system," i. e., of the Martin and Hill System.

As shown above, the patent in suit, which was the first one taken out by Martin, was always treated in his later patents as the foundation patent of his system, and it contains, as the later ones do not, what appears to be a broad claim for a cable cash carrier system.

Now the Circuit Court of Appeals construed the first claim of this patent by reference to the prior state of the art as being limited to the precise form described in the specification, and by consequence held that the invention of this patent was not embodied in defendant's apparatus.

When thus construed, however, the invention of this patent is not in any way contained in the Martin and Hill system, both systems being equally dissimilar from the invention of this patent as construed by the Court.

CONTENTION AS TO ESTOPPEL.

Your petitioner, however, contends that the defendant, after manufacturing the Martin and Hill system and representing by marks on the apparatus itself, and by circulars, that it was made under his patent now in suit, is estopped to deny that fact.

This estoppel must mean that as against him the complainant is entitled to claim for that patent a greater breadth than the Court attributed to it, such a breadth in fact as to admit of the invention thereof being contained in the Martin and Hill system.

But if, as against the defendant and in behalf of the complainant, such a breadth must be given to the patent in suit, it can only be by attributing to it the apparent breadth of its first claim, without the limitations which defendant now urges, and it must also follow on account of the similarity of the defendant's new apparatus to the Martin and Hill system that the invention of said patent is equally contained in defendant's apparatus.

The estoppel here contended for is implied in favor of complainant, as a purchaser from Martin and as representing stockholders who purchased stock from Martin, and is based upon his admission and representation in marking and advertising the Martin and Hill system.

In the case of *Eureka Company* vs. *Bailey Company*, 11 Wall. 488, it was held that the defendant Company, having furnished an example of the machines it intended to make under the patent could not contend that that machine did not "contain some part of the invention covered by the patent."

An estoppel was thus implied against defendant by reason of its having furnished a physical example of the interpretation it put upon the patent.

The present case is precisely similar, for here numerous examples had been furnished in the systems put into stores and each one of those systems bore the distinct assertion, placed on it by Martin's own direction, that such system was made under this particular patent.

The facts of this case present every element necessary to constitute an equitable estoppel, but the case falls more especially within the principle of an estoppel based upon the assumption of inconsistent positions.

EQUITABLE ESTOPPEL.

As an instance of equitable estoppel, there is here a distinct representation as to the breadth to be attributed to the patent in suit, made by one who knew or was bound to represent the truth, made to parties who must have relied on the truth of those rep-

resentations and who acted on the faith of what those representations implied to their injury and to the benefit of the defendant.

The defendant has met this contention by claiming that, in marking the systems as made under the patent in suit, he did not possess any real knowledge as to whether or not those systems embodied the invention of the patent in suit, that at most such marking was merely the expression of his opinion on a matter of law and as such not a ground for equitable estoppel, that the marking of the dates of several patents on the systems merely meant that the invention of some one of those patents was embodied in the system marked, that there was no reason for the complainant or its stockholders to rely on such marking as an indication of the breadth of the patent in suit, and hence that such reliance should not be presumed.

On the question of *knowledge*, your petitioner contends that Martin was not only, as all the testimony shows, an expert on the subject of store service apparatus, but that, as the patentee, he was peculiarly an expert as to the scope of his own patent. It was he that made and swore to the claims; it was he that manufactured the systems marked; it was he that marked those systems as coming within those claims; and it was he that sought by such marking to warn and thus exclude the public from the imitation of those systems, on the ground that they were protected by this patent.

As to the marking being an expression of an *opinion on a question of law* and as such not a ground for estoppel, your petitioner answers that the opinion was expressed by one who stood in a relation of special confidence towards the one to whom it was made — as being its president and general manager — and, hence, falls within a well-known exception to the rule as to opinions on questions of law.

Your petitioner also claims that the estoppel does not arise from the opinion expressed by Martin, but from the *fact* that it is expressed by *him* as patentee and vendor.

Is it any less the giving of an opinion on a question of law for a patentee to make a certain claim in his patent and thereby represent that such claim is novel in view of the prior state of the

art (a question which can only be conclusively passed upon by a court), than for him to sell an article and mark it as made under his patent? The truth, in the one case as in the other, is that he makes a *claim*, whether such claim be considered as an opinion on a question of law or fact, and that on the strength of that *claim* other parties act, whether by paying royalties or refraining from using and manufacturing, and that it is therefore inequitable for him afterwards to declare that in the one instance such claim was invalid and in the other instance that it was false.

In the well-known application of the doctrine of estoppel, where a mortgagee allows a purchaser to buy the property and stands by in silence when it is asserted that the property is free from incumbrances, or who actually tells the purchaser that it is free, such mortgagee is really giving an opinion on a mixed question of fact and law. A case can readily be conceived where the question as to whether or not the mortgage is a valid one, and really does constitute a lien on the property, is a difficult one to decide, and one that can only be positively decided by a court. Yet here a court of **equity simply looks at the fact that a claim was or was not made** under the mortgage, and, if it was not made, the mortgagee is held to be estopped thereafter to make it.

The principle involved in the present case is the same and precisely the same rule should apply.

Here the *claim* was made that the system manufactured embraced the patent in suit, and it is inequitable for the patentee, who has made that claim, to assert afterwards that such claim was a false one, or to deny what such a claim implied as to the scope of the patent.

The argument, that the *marking of the dates of several patents* implied merely that the invention of one at least of those patents was embodied in the system marked, is without substantial merit. The mark put on is just as much a representation in regard to each one of the several patents enumerated, is absolutely distinct as to each, and should have the same force as to each as though no others were mentioned. Moreover, it is an undisputed principle of the law of estoppel that the degree of reliance placed on the representation is wholly immaterial,

provided the representation was a material one and that any reliance at all was placed on it.

On the question as to *what action was taken in reliance on the representation* made by the marking and the circulars, your petitioner would refer, in the first place, to the purchase by the complainant from defendant and his partner for the sum of $250,000, of the patents, systems, leases and other property of said co-partnership.

The leases were the basis of the revenue of the new company and they depended for their continuance upon the breadth and strength of the patents bought by the company and embraced in the systems leased.

Hence, a representation as to the breadth of any one of those patents and one which showed that those systems as manufactured were protected thereby, was necessarily a material inducement to said purchase.

In this case, as the claim in question is one which, if embraced in the systems marked at all, must, *ipso facto*, be a broad one, the fact that it was represented to be thus embraced and hence to have that breadth, was necessarily a material inducement to the purchase of the patents, systems and leases. It is a fair conclusion, therefore, that this purchase was in a measure induced by this representation.

After the purchase of these assets, the complainant proceeded to manufacture store service systems similar to those theretofore manufactured by Martin and Hill with a view to leasing those systems to stores and with the expectation of deriving a revenue therefrom by way of rentals. Now if the complainant had not been induced, not merely by the patentee and the vendor of the patent but by its own president and general manager, to believe that those very systems which it manufactured were protected by the patent in suit among others — with its broad, general claim — would it necessarily have expended its capital in such manufacture? Is it not a reasonable conclusion that this representation formed one of the inducements to this expenditure of capital?

Lastly, the complainant represents its stockholders and stands to them somewhat, if not altogether, in the position of the holder of the legal title to the beneficial owner, and as such represents in a court of equity the equities which run in favor of said stockholders.

Now Messrs. Lamson and Ames purchased the entire capital stock of the complainant from Martin and his associates for the large sum of one hundred and ninety thousand dollars.

Such a purchase could only have been made upon the belief that the store service systems, from which the revenue of the Company was derived and from which all prospective increase of its revenue was to be derived, were protected by the particular patents which were purchased and which were represented by the marks and circulars to be embraced in said systems. It was undoubtedly on account of the protection expected from those patents for the existing and future business of the Company that this large sum was paid.

Yet now the defendant comes forward and says in effect that the systems then outstanding were not protected by this patent, which was the one that had the broadest claim of all, and that he can practically duplicate them with entire freedom from attack, and thus retain that which he and his associates sold for one hundred and ninety thousand dollars, and deprive the purchasers of all substantial benefit from their purchase. Does such a course commend itself to a court of equity?

INCONSISTENT POSITIONS.

Your petitioner has thus reviewed the application to this case of the several elements of equitable estoppel. But the case falls clearly within the broader lines of estoppel by the assumption of inconsistent positions.

This form of estoppel, which has received so great a development within recent years, is clearly distinguishable from the usual form of an equitable estoppel, though both may be applicable in a given case.

Equitable estoppel involves the making, actually or by implication, of a representation.

In this respect, the principle of estoppel by inconsistent positions resembles it generally, but in the latter case the representation is held to be made by the first position assumed, and such position may be assumed wholly without regard to the other party, without any intention of influencing him individually, and without any knowledge as to whether the position taken is a correct or truthful one. The only essential point is that the position should be clearly assmed.

Equitable estoppel involves action by the other party in reliliance on the representation.

In a case of "inconsistent positions," such action and reliance need not be shown. If the effect of assuming the second position would in any way work a hardship to the other party, equity simply prevents such hardship by holding that the first party is estopped to change his position.

No doubt in such cases a certain form of reliance, directly or indirectly exists, but it is shown simply by implication and involves no ignorance on the part of the party replying.

Instances of the application of this principle are numerous and comprise, for example, cases where parties have acted or received benefits under a given contract or statute, and who are subsequently held estopped to deny the validity of such contract or statute, and it is really under this principle that a patentee is held estopped to deny the validity of his patent.

The principle underlying all these cases seems to be that the position first assumed necessarily influences other parties to rely upon the existence of the state of facts which such a position implies, and the one who has assumed the position thereby benefits or seeks to benefit himself. Afterwards, when for some reason it becomes his interest to deny the validity of the instrument under which he has acted, such change of position would or might work a hardship to those who may or are presumed to have relied on the former position, and so equity steps in and holds this party estopped to deny the validity of the instrument. No question is made as to whether it is difficult or not to determine at the outset whether or not the instrument is or is not valid. That is left wholly to him to decide, the rule being based simply

upon the inequity of the change of position and the injury it may inflict upon others.

Take the case of a patentee drawing the claims for his patent. He may claim too little and so give to the world much that might have been covered by his patent. Or he may make a claim so broad that it will ultimately be declared invalid. Why does not a generous rule allow him simply to describe his invention in his specification, and leave the public to judge as to the real breadth of his invention? The reason is obvious enough. If the patentee wants the benefit of the monopoly given him by the patent laws and wants to deprive the public of the free use of a given invention, he must define his position exactly once for all and abide the consequences. Thus alone can the public be made in any way secure, and the patentee gets his benefit in the protection he secures for whatever he claims that is really patentable.

The same choice is involved in deciding whether or not to mark a given article as patented. This suggests the discussion of a question upon which the defendant seems specially to rely. He seeks to minimize the effect of the marking and of the reliance to be placed thereon by urging the hardship to the patentee of being placed in a hopeless dilemma "between losing his damages if he does not mark any patent thereon which is embraced therein, and being estopped for all time to assert that a patent marked thereon is not embraced therein."

Your petitioner admits that this dilemma certainly would exist and necessarily so from the nature of the case. When a patentee marks a given article as being made under a certain patent, he does it for the purpose of warning the public against imitating that article, and in thus warning the public he gets the benefit of preventing a general competition in the manufacture of that article and thus secures a certain monopoly and a certain benefit. The public, on the other hand, so far as they are influenced by such warning, refrain from the advantage of making, selling, and using the article which purports to be patented, and parties desiring to make, use or sell the same are induced by such *prima facie* claim that the article is patented, to pay a royalty thereon, and the fact that such royalties are paid and that the public so

refrain from making the article marked, induces persons to invest capital in a company owning the patent which is marked on the article.

These are not mere conjectures of remote possibilities of action, but correspond exactly with the action of the public, of licensees, of stockholders, in this very case.

The patentee thus has a very material inducement to and obtains a very material benefit from marking the article as being made under his patent, and the public, the licensees, the stockholders, suffer a corresponding detriment if such marking is not in accordance with the fact.

Is it not, therefore, reasonable that, in selecting a position so beneficial to himself and so detrimental to others, the patentee should be held strictly to the position so selected, and not allowed when he has received the benefit, when others have suffered the detriment, to claim that his position was a false one, undertaken as defendant in this case himself testifies (R. p. 180) when he had given "no thought to the question"?

The statute prescribing the marking states that it should be the "duty" of the patentee to mark the article with the date of his patent, and the next section provides a penalty for false marking. (U. S. Rev. Stat. Secs. 4900, 4901.)

Now it must be clear that the reason why this "duty" is imposed upon the patentee is not for his benefit but for the benefit of the public, who might be influenced by such marking and prevented thereby from becoming inadvertently liable to the patentee for infringing his patent, and, assuming that the public would heed such warning, a penalty is prescribed for false marking. The fact, however, that such penalty is named, does not prevent a court of equity from taking cognizance of the injury inflicted to individuals by such act, and giving to those individuals a corresponding remedy. Criminal punishment for an assault or a libel does not prevent the existence of a civil remedy in behalf of the party wronged. Now in this case the fine prescribed by the statute would be the only punishment that could be inflicted on the patentee falsely marking his goods in behalf of the injury sustained by the public through their refraining from making use of the article supposed to be covered by the

patent, but in the case of individuals such as licensees, assignees of the patent, stockholders in a corporation formed to acquire said patent, the injury is a more direct one, and one for which a court of equity can afford a simple remedy.

That remedy is to hold the patentee strictly to the representations which he has himself made, and not to allow him to take advantage of a change of position, after he has benefited by the former position, to the detriment of those who have necessarily relied on that former position.

No change is made in the strict rules of the patent law so far as the public are concerned, but the patentee is restrained from doing that which would amount to a fraud upon his vendee.

By this doctrine of estoppel by inconsistent positions, Courts of Equity have extended in effect the bounds of numerous rights — the constitutionality of statutes, the fact of compliance with treaties and statutes, the validity of corporate acts, the boundary lines of real estate, the genuineness of the certification of checks, the negotiable character of instruments, and many other rights in nearly every branch of the law — as against parties, who, by their previous acts, have placed themselves where a strict construction of those rights would produce injustice and wrong.

Is it unreasonable to apply this doctrine to the patent law and thus prevent a patentee from committing so monstrous a wrong as the defendant in this case has committed?

IV.

INFRINGEMENT.

In view of the prior state of the art.

For a description of the device described in the patent in suit, a discussion of the functions of its various elements, and an examination of the several limitations which defendant has sought

to impose on the first claim of said patent, your petitioner would refer to Appendix A of this brief.

Your petitioner submits that in said Appendix it shows that, if the prior state of the art is disregarded, said first claim should not have any of the limitations which defendant attributes to it.

Defendant's contention, however, is that, without those limitations, the patent would be void in view of the prior state of the art.

This, your petitioner submits, is not true, and for the following reasons:

Defendant's expert, Mr. Livermore, testifies as follows (R. p. 92):

"Two of the main problems that have arisen in the adaptation of the old cable system of transportation to store service are, first, to provide for leading the tracks in all directions from a given starting point — such, for example, as the cashier's desk — so that they may pass to all the points in the same floor, or, if necessary, may travel upward or downward in part of their course, so as to be delivered on the floors above or below, if necessary — a provision which is not required for the cable apparatus commonly used for conveying goods, in which the track was for the most part horizontal or inclined in a vertical plane. The second problem is to provide for the automatic delivery of different carriers at different points or stations along a single line of track, so that one track may be used to connect the cashier's station with a number of different salesman's stations, and the conveyers sent along one track will each be delivered at the station to which it belonged. The second of these objects is wholly unprovided for in the apparatus of the Martin Patent sued upon, and could not be provided for by any modification of that apparatus retaining its described mode of operation, and the first of these objects is provided for only to a very limited degree, if at all, so that the conveying apparatus would be wholly unsuitable for modern requirements, even if only two stations were to be connected by each track."

Judge Colt, in his opinion (R. p. 550) lays stress on the fact that the second of these problems is unprovided for in the patent in suit. That the defendant is not entitled to limit the first claim of this patent to a form of apparatus suited to one station only, has been considered in the second and third points of this brief on the ground of estoppel; it is now further submitted that so limited a construction is not required, independent of any estoppel.

It is important to note the concession made by defendant's expert, viz.: that the old cable system of transportation was not adapted to store service, especially because in the apparatus commonly used for conveying goods, "the track was for the most part horizontal or inclined in a vertical plane."

Such apparatus involved the use of cars hung by hooks on a moving rope, or hanging between the rails from a truck that ran on wheels. The cars were necessarily heavy and the problem involved in their transportation presented the question of supporting and dragging a great weight with as little friction as possible, over a comparatively straight road.

For store service, on the other hand, the weight of the cash boxes would naturally cease to be a factor that need be taken into account. The question was merely how rapidly they could be moved, and how they could be carried up and down and in all directions according to the needs of each particular case.

Now complainant's expert, Mr. Edward S. Renwick, testifies as follows (R. pp. 156, 157.):

"This Martin patent for the first time disclosed an apparatus in which a box is caused to glide upon a supporting track or tracks by means of a constantly moving endless cord or cable operated by a motor, to which cord the box could be automatically connected by a gripping or clutching device with which it was provided, and from which it could be automatically disconnected by a device located at the salesman's counter, cashier's desk or station of any description, with which the said gripping device came into contact and by which it was operated to disconnect the box from the cable.

"By reason of this combination of devices operating in this way, there was made possible the employment of cash-carrier systems to convey cash and other articles from the salesman's counter to the cashier and back again, to take the place of cash boys, in which systems lines of tracks over which the boxes glided could run either horizontally, steeply inclined, or even vertically, or in any direction desired for convenience in getting over passageways or beneath floors, or from one story to another in buildings, as the box, being gripped to the cord, could always be made to glide upon the track contiguous to the cord, even were the box in the course of its travel, by change of direction, turned upside down."

Defendant's expert, Mr. Henry B. Renwick, in his answering affidavit (R. pp. 181, 182) criticises this testimony by stating that in the Martin patent the box is not automatically attached to the cord, by suggesting that gliding cars were known prior to the

Martin patent, and by referring to there being no proof that defendant's contrivance has so steep a hill in it, as Martin shows, though he admits that this last matter is immaterial. The first criticism refers to a matter that is also immaterial, as claim 1 of the patent in suit does not include as an element the automatic attaching of the box to the cord. As a matter of fact however, by the action of the spring on the clamping device — when properly adjusted either in the apparatus of the patent in suit or in that of defendant — said clamping device does automatically clutch the cord. Mr. Henry B. Renwick gives no proof of the prior use or knowledge of cars gliding on tracks. They could certainly not have been used in any of the systems for transportation of goods shown in the patents referred to by defendant.

Even if they were so used, their adaptation to an art so entirely dissimilar as that of the carrying of cash in little boxes in stores, by which an entirely new purpose and a most useful one was accomplished, would certainly involve patentable novelty under decisions of this court.

Potts v. *Creager*, 155 U. S. 597.
DuBois v. *Kirk*, 158 U. S. 58.

Moreover, there can be no question, under the facts shown in the record in this case, that *the Martin patents showed the first practical cable cash carrying system*, that *such system went at once into general use*, that *it has been most extensively introduced into stores* by both complainant and defendant's company, and that *no other cable system has been developed or introduced.*

These facts, which are undisputed, should be given serious consideration, under the following language used by Mr. Justice Brown in the case above cited (155 U. S. at 609):

"Where the question of novelty is in doubt, the fact that the device has gone into general use, and displaced other devices, employed for a similar purpose, is sufficient to turn the scale in favor of the invention."

There is no proof that any of the patents introduced in evidence by defendant, ever went into practical use, and, hence, as

mere "paper machines," no great weight should be attached to them.

Thomson-Houston Electric Co. v. *Winchester Ave. Ry. Co.* 71. F. R. 192, decided by Townsend, J.

Your petitioner will now refer to these patents very briefly.

In both the Brown patent, No. 165,473, dated July 13, 1875, and the White patent, No. 229,783, dated July 6, 1880, referred to by the Circuit Court of Appeals, the carrier is supported beneath the track either by wheels or hooks resting upon the track. In neither of these patents is there a box which is supported above and resting upon the track, and caused to move thereon by an endless cord or cable.

The Brown patent also lacks the gripping or clutching device for connecting the suspended carrier with the cable, and any means by which such carrier can be automatically detached from the cable (R. p. 157.)

This is also true of the White patent (R. p. 160).

As to all the other patents, except two, relied upon by the defendant Martin, showing conveying apparatus of different kinds, the carrier, which is propelled by the cable, is suspended beneath the track and supported either by wheels or other devices from the track.

One of the excepted patents, the Pettengill, dated August 3, 1880, (R. p. 309) sets forth an endless cable railway for passengers, in which a cable is employed to propel a wheeled car running on the track, an attendant being required on the car to operate it.

Complainant's expert clearly shows that the mechanism of this patent for disconnecting the car from the cable is a useless and impracticable one, (R. p. 158) and this is not denied by defendant's expert, Mr. Henry B. Renwick, in his answering affidavit. This patent should not, therefore, be considered as limiting or affecting in any way the patent in suit.

The other excepted patent, the Fothergill-Cooke English patent, dated Sept. 2, 1871 (R. p. 347) sets forth an apparatus

for propelling railroad trains by an endless cable, an attendant upon the car being required to operate the clutching mechanism to connect and disconnect the car from the cable. No appliances are suggested in this patent for automatically disconnecting the car from the cable (R. p. 158).

Defendant's chief reliance is placed on the English patent to Wirth. This patent, dated Jan. 29, 1878 (R. p. 371) sets forth an apparatus for transporting coals, ore, stone, and the like, in which there is a practically horizontal track, from which is suspended, below the track, by two wheels running upon the track, a wagon connected by a frame on a pivot to a cross-piece supporting the wheels so that the wagon can spring. The frame is provided with a gripping device to connect the wagon to an endless moving rope below the track and with a cam shaped projection below the track for disconnecting the grip from the cable.

Mr. Edward S. Renwick testifies as follows in regard to this patent (R. pp. 159, 160):

"The structure described in the Wirth Patent differs in construction and mode of operation from that of the 'Martin Patent.' Thus, instead of a box fitted to glide upon a supporting track, there is, in the Wirth structure, a carrier suspended pivotally beneath the track from pulleys adapted to run upon the track. That such a structure differs substantially from that of the 'Martin Patent' appears clearly when we consider what would be the effect of attempting to operate the Wirth carrier upon tracks nearly vertical (as represented at the right hand and left hand sides of Fig. 1 of the 'Martin patent') and reversed as represented in the lower horizontal track of that figure. If such an attempt should be made, the Wirth carrier in moving upon nearly vertical tracks would swing directly against them sidewise with the corner of the bracket arm of the clutch devices jammed against the under side of the track, which operation would probably oppose sufficient obstruction to the movement of the carrier to cause the breakage of the cord. Then, again, if the attempt should be made to run the carrier down the left-hand track to the lower horizontal track, the latter being opposite the centre of the carrier and beneath it in the course of its descent, would stop the downward movement of the carrier, and the apparatus would be stopped with the carrier either landed upon the lower horizontal track, or, if it should slip sidewise from the track, with the whole mechanism temporarily disorganized. The same results would take place if the attempt were made to run the Wirth carrier upon the tracks as described in the Martin Patent No. 399, 150, setting forth, in substance, the defendant's apparatus, when the tracks were run as described in the following words of that patent, beginning at line 99, page 1: 'So that, if required, the tracks may be turned edgewise, or even inverted . . . and the track may run in any direction,

either horizontal or vertical, or at any desired inclination to the vertical.' I am informed that Martin systems sometimes have these various positions of the tracks.

"The above mentioned differences between the construction and mode of operation of the structure of the Wirth Patent and that of the 'Martin Patent' are, in my opinion, so radical that the question whether either or all of the forms of clutch described and represented in the Wirth Patent are or are not substantially like the clutch described in the 'Martin Patent' is, in my opinion, a matter of no importance, especially in view of the fact that Martin does not claim to have produced any new variety of clutch itself, but only a combination of which a clutch is one member."

Mr. Henry B. Renwick in his answering affidavit (R. pp. 181 to 185) does not contradict this testimony, except by the criticisms referred to above (p. 40.)

Your petitioner, therefore, respectfully submits that, even if no estoppel of any kind applies, the patent in suit is valid and covers a cash carrier system, in which cash boxes, drawn by an endless cord, which is set in motion by a suitable motor, glide on a track on which they can travel at any desired inclination to the vertical, said cash boxes being provided with appliances for attaching them to the endless cord and for automatically detaching them therefrom.

Defendant's system, as shown in the drawing of his apparatus, (R. p. 207) and in his patent No. 399, 150 (R. pp. 193 to 202) under which he claims in his answer (R. p. 11) that his system is constructed, clearly comprises every one of these features, and, therefore, your petitioner contends that it infringes the first claim of the patent in suit, without regard to any estoppel.

CONCLUSION.

Your petitioner submits in conclusion that defendant's defence amounts to this:—that he claims the right to limit the scope of the patent in suit by reference to prior patents, that when so limited he claims that it embraces nothing but certain details of construction of the apparatus described in the patent. On the other hand, your petitioner contends, that defendant as patentee

should be held estopped to limit the scope of his patent by reference to the prior state of the art; that there is nothing in the first claim of the patent in suit which limits it to any of the features referred to by defendant, and that said features are not necessary to any of the functions to be performed by the apparatus; that defendant should be held estopped to so limit said patent because, in the specification of his second patent which contained none of said features, he recited that said second patent was "in the nature of an improvement" on the patent in suit, and because he marked and advertised the Martin and Hill system which contained none of these features as patented on the date of the patent in suit; that, even if the prior art is referred to, the patent in suit should not be limited to said features; and, lastly, that, if the patent in suit is not thus limited, the defendant's apparatus unquestionably infringes it.

Your petitioner further submits that this case presents questions of such gravity and wide reaching importance, and involves so large an amount of money, as amply to justify the granting of a writ of certiorari by this Honorable Court, in order that these questions may be authoritatively settled.

Your petitioner presents herewith a certified copy of the Record in this case in the Circuit Court of Appeals.

Wherefore your petitioner respectfully prays that a writ of certiorari may be issued out of and under the seal of this Honorable Court directed to the United States Circuit Court of Appeals for the First Circuit, commanding the said Court to certify and send to this Court on a certain day to be therein designated, a full and complete transcript of the record of all proceedings of the said Circuit Court of Appeals in the said cause, to the end that the said cause may be reviewed and determined by this Court as provided in Section 6 of the Act of Congress entitled "An Act to Establish Circuit Courts of Appeals and to Define and Regulate in Certain Cases the Jurisdiction of the Courts of the United States, and for Other Purposes," approved March 3, 1891, or that your petitioner may have such other and further relief or remedy in the premises as to this Court may seem appropriate and in

conformity with the provisions of said Act, and that the said decision of said Circuit Court of Appeals in this case may be reversed by this Honorable Court in the particulars above mentioned.

And your petitioner will ever pray, etc.

MARTIN AND HILL CASH CARRIER COMPANY,

By its Attorney,

EDWIN C. GILMAN.

COMMONWEALTH OF MASSACHUSETTS, }
COUNTY OF SUFFOLK, ss. }

Edwin C. Gilman, being duly sworn, deposes and says, that he is counsel for the Martin and Hill Cash Carrier Company, the petitioner above named, and as such has had personal charge for said company of the case in the foregoing petition mentioned, in the Circuit Court of the United States for the District of Massachusetts and in the United States Circuit Court of Appeals for the First Circuit, that he has read the petition by him subscribed, and that the facts therein stated are true to the best of his knowledge and belief, and that this petition is made and presented by due authority, and that the foregoing application is meritorious and not made for the purpose of delay.

EDWIN C. GILMAN.

Subscribed and sworn to before me this 30th day of March A. D. 1896.

WILLIAM B. FRENCH,
Notary Public.

We hereby certify that we have examined the foregoing petition, and that in our opinion the petition is well founded, and the case is one in which the prayer should be granted by this Honorable Court.

SAMUEL NORRIS, JR.,
EDWIN C. GILMAN,
J. S. RUSK,
Of Counsel.

APPENDIX A.

Elements of Patent in Suit, Comparison with Defendant's System, and Limitations urged by Defendant.

Description of Apparatus of Patent in Suit.

The particular form of apparatus described in the patent in suit and shown in the drawings, (R. p. 190) consists of a track running from the cashier's desk to the salesman's counter and back again. This track is grooved in the centre and in the groove an endless cord runs, propelled by some suitable motor. The cash box, which glides on the track, has a drawer, sliding through it transversely. It has a tube under one end through which the cord runs. It is connected with the cord by a clamping device consisting of a fixed arm, and a pivoted cord clamp lever, actuated by a spring, which causes the short arm of the lever to press against the cord that runs between the lever and the fixed arm.

The appliance for detaching the box from the cord consists of a trough-like structure (n), to the upper side of which is hinged a cover (s), held down by a spring (t), having set edgewise upon its under side two curved-ended guides (w w) which project downward into the trough, and, beyond these guides on the under side of the cover, are placed stop blocks (f f). The long arm of the cord clamp lever on the cash box projects above the box, as does also a fixed thumb piece (z^2). When the cash box runs into the trough like structure, the thumb piece and the end of the cord clamp lever run between the guides (w w), and the long arm of the lever is by them pressed towards the thumb piece and thus the short arm of the lever releases its hold on the cord. The box then comes in contact with the stops (f f) on the lower side of the cover, and is brought to rest. By raising the cover, the long arm of the cord clamp lever is released, and its short arm once more clamps

the cord, and, the stops being lifted out of the way, the box can start again.

While this apparatus as thus described is a crude device, yet the functions performed by the several parts are simple and by slight mechanical changes the same functions can be performed with a more effective result. Your petitioner would refer on this point to the testimony of Mr. Edward S. Renwick, (R.pp. 47,48) and will here discuss these functions briefly.

Functions of Elements of Patent in Suit.

The functions of the several elements of this device are substantially as follows:

1. A *track*, adapted to support cash boxes while being transferred from sales counters to a desk, and also to support cash boxes while being transferred back again to the sales counters.

2. An endless *cord*, which extends along said track so as to be in a position to be connected with the cash boxes which are put upon the track at the several sales counters and move them along the track to the cashier's desk, and also to move the said cash boxes back to the several counters whence they were sent.

3. A *cash box*, fitted to travel upon the said track, and to carry the articles to be transferred to and from the several sales counters and to and from the cashier's desk.

4. An *appliance for attaching the cash box* to the endless cord, consisting substantially of two clamping jaws which are arranged upon the cash box in positions to clamp or grip the endless cord between them, and one of said jaws is made movable towards and from the other so that it may be moved towards said other jaw for the purpose of clamping or gripping the cord between the two, and thereby attaching the cord temporarily to the cash box. The said movable clamping jaw has a lever shank so that the device as a whole is a cord clamp lever, and it is combined with a spring which is carried by the cash box, and which operates to move the movable clamping jaw towards the other for the purpose of nipping or gripping the whole between the two jaws.

A *detaching device*, consisting of a guide (w) having a surface which is inclined to the direction in which the box is conveyed

along the track, and which is set within the line of travel of the cord clamp lever, so that, as the box is carried along said inclined guide by the action of the endless cord, a part of the cord clamp lever is borne against the inclined surface of the guide and is thereby caused to move crosswise of the cash box, so that the movable clamping jaw is moved away from the other jaw, thereby loosing the endless cord and detaching the cash box therefrom.

5. A *motor* for keeping the endless cord in motion so that when the apparatus is in working condition the said cord is ready to have the cash box attached to it and to convey it along the track.

It will be noticed that in this description your petitioner has omitted to refer to the second guide (w) on the lower side of the cover shown in the patent in suit, to the stops under said cover, and to the thumb piece projecting above the cash box. It is evident, however, that the only function of the second guide (w) and of the thumb piece is to hold the box firmly on the track while the cord clamp lever is being pushed to one side by the guide (w). This is certainly a very simple function, and one which can be performed effectually in many other ways.

With relation to the stops (ff), Mr. Edward S. Renwick, the complainant's expert, testifies as follows (R. p. 168):

"In the first place, I may say that a positive stop against which the box abuts so as to prevent its forward movement is not essential to the apparatus of the 'Martin patent,' it being plain that if the stops (ff) should be removed, and the parallel portions of the two guides (ww) should be extended in the direction in which the box is moving, the box would be brought to rest by the frictional contact of the clutch lever (m) and the thumb piece (z^2) with the parallel faces of the said guides, as admitted by Mr. Livermore in his affidavit; and the box could be restarted by the attendant simply pushing it forward through the guides. With this slight modification there would be no necessity of making the guides movable or of hinging a movable cover to which they are attached. On the other hand, although there is no positive stop to stop the box in defendant's apparatus, there are means of stopping it, viz., the frictional contact of the box with the raised branch track upon which it is detached from the cord. The difference between the two structures is, therefore, trivial and immaterial; and besides, there is no language in the first claim of the 'Martin patent' that has any reference to the stopping of the motion of the box."

Similar Functions Performed by Same Elements in Martin and Hill System and in Defendant's System.

1. *Track.* In Martin's second patent, No. 276,441, which purports to be an improvement on the patent in suit, and in all his subsequent patents owned by complainant, in the Martin and Hill system, made under said patents, and marked as patented on the date of the patent in suit, and in defendant's system, there is a track composed of an upper and a lower portion, one portion being intended to support the cash box while being transferred to the cashier's desk, and the other to support it while being returned to the salesmens' counters. The box must be removed from the returning track by the salesman in order to be placed on the forwarding track.

The Martin and Hill system, as finally developed, employed a track composed of three rods, two below the box, and one above, the bottom and top of the box having circular notches to correspond with these rods.

In defendant's system the track is composed of two channel shaped strips which embrace flanges projecting on each side of the box, but in his patent No. 399, 150, he shows that two rods above these flanges and two below would operate equally well.

It is evident that the function of the upper rod in the Martin and Hill system and of the upper flanges or rods in defendant's system is similar and is simply that of preventing the box from jumping the track.

In both the later Martin patents owned by complainant, the Martin and Hill system, and in defendant's system, an improvement is shown over the device in the patent in suit, by which each box is switched off at a salesman's station designed for that particular box.

This is effected in the Martin and Hill system by pins on top of the boxes, which run between switch strips above the boxes, said pins being located on each box to correspond with the location of the switch strip at the station to which that particular box is designed to run, and to which it belongs. This switch strip, acting on the pin, draws the box to one side, and it is then detached

from the cord by a cam impinging on the cord clamp lever, and slides on to a side track.

In defendant's system, side flanges, corresponding to these pins, engage at appropriate stations with tracks leading upwards, so that the box is carried up onto a branch track instead of to one side, when the grip is disengaged from the cord.

2. *Cord.* The endless cord in the later Martin patents owned by the complainant, in the Martin and Hill system, and in defendant's apparatus, performs the same function, as the cord in the patented device, viz., that of moving the boxes to the cashier's desk, and back again to the counters.

3. *Cash box.* The cash box in said later patents, in the Martin and Hill system, and in defendant's system, performs the same function as the cash box in the patent in suit, though its precise form of construction differs slightly in immaterial respects.

4. *Attaching and automatic detaching device.* The devices used for this purpose in the Martin and Hill system, and those used in defendant's system, differ somewhat from those shown in the description of the patent in suit, but the functions performed are the same. The detaching is effected in each instance by a cam in fixed relation to the path of movement of the cash box, which strikes the cord clamp lever in the Martin and Hill system, or the upper finger of the clutch in defendant's system, and thus causes the clamping device in either case to release the cord. The form of clutch used in defendant's system is one which was a well known equivalent for that of the patent in suit (R.p. 164).

5. *Motor.* The motor used in the later Martin patents owned by complainant, in the Martin and Hill system, and in defendant's system, is in each case any suitable motor and thus corresponds with that of the patent in suit.

The above being the functions performed by the several elements of the first claim of the patent, and substantially the manner in which they are performed in the Martin and Hill system, and in defendant's system, your petitioner will next refer to the

limitations which defendant's experts have sought to read into said claim.

Defendant's Attempted Limitations on First Claim of Patent in Suit.

Defendant's chief contention is thus expressed by his expert, Mr. Henry B. Renwick, (R. p. 132):

"For the above reasons it appears to me that plaintiff's patent is good in view of Wirth, provided one element of the first claim is a movable guard or cam, and another element a clutch which will clutch the rope of itself when the guard is moved away from the track."

This is substantially what Judge Colt finds when he says (R. p. 551):

"In the patented device, the cover with its cams and stops, movable with respect to the track, is a necessary feature."

The second claim of the patent in suit is as follows:

"2. In combination, the grooved track b, the endless cord o, the hinged cover s, having the curved guards w, and the stops f thereon, the cash-box v, having the arm r, and the spring-actuated clamping-lever thereon, and a suitable motor, substantially as set forth."

Practically the only difference between the first and this second claim is the reference to the hinged cover with its guards or cams and stops. Taking this in connection with the reference to the arm (r) and the spring actuated clamping lever, this is simply a claim for the particular instance of an attaching and automatic detaching device which is described in the specification.

The attempt to make the first claim also cover this particular method of attaching and detaching the cash box would make the first and second claims identical in effect and subject matter, the reference in the second claim to the track as "grooved," being a trivial difference.

This would be a conclusion, which, under numerous decisions of the courts, should be avoided, if any other construction is possible.

Tondeur v. *Stewart*, 28 F. R. 561, 564.
Filley v. *Littlefield Stove Co.*, 30 F. R. 434.
Cohansey Glass Mfg. Co. v. *Wharton*, 28 F. R. 189.

Page Woven Wire Fence Co. v. *Land*, 49 F. R. 936, 942.

National Car Brake Co. v. *L. S. M. S. Ry. Co.* 4 F. R. pp. 219, 222, affirmed by the Sup. Ct. 110 U. S. 229.

Moreover the quotation made above from the testimony of Mr. Edward S. Renwick, (R. p. 168), shows conclusively, as your petitioner submits, that the stops on the cover are not essential, and your petitioner submits that it has shown above, on p. 49, that the function performed by the second guide (w) may be performed equally well in other ways, as it is in the Martin and Hill system and in the defendant's system. The only remaining feature then of the movable cover is the first guide (w). Its function, as stated above, is simply to swing the cord clamp lever into such a position that it can release its hold on the cord, and this is effected because of the curved guide (w) lying in the line of travel of the said cord clamp lever. Now this function is one that can be performed equally well by any cam in the line of travel of the cord clamp lever, or corresponding form of clutch, as is done by cams in the Martin and Hill system and in the defendant's system. The only difference is that in these last two systems the box is switched off of the main track, either onto a side track or upper branch track, before the cam operates, and in this way only the box destined for that particular branch track is arrested in its progress by the operation of the cam on the cord clamp lever or corresponding form of clutch. This arrangement, providing for branch tracks at the several stations to receive certain carriers designed for those stations, is in the nature of an added improvement to the invention of the patent in suit, and clearly should not affect the interpretation to be put upon the claims of that patent.

Your petitioner, therefore, submits, first, that there is no function performed by this movable cover with its cams and stops which is in any way essential to the operation of the apparatus described that is not performed in defendant's system by some well known equivalent, and, secondly, that there is nothing in the patent in suit that requires these functions to be performed in the precise manner therein described, and that would not admit

of such equivalents coming within the scope of the first claim of that patent.

Mr. Henry B. Renwick next makes the following suggestion, (R. p. 133) :—

"Now, although it appears to me that there is only one true construction of plaintiff's first claim, some one may argue, as has been done by plaintiff's experts, that a movable guard or cam, which by its removal from the track causes the grip or clutch to act to attach the box to the rope, is not an element of the first claim of the patent in suit; but it follows then in view of Wirth that the claim must be construed narrowly because the general mode of operation and structure of Wirth's apparatus is the same broadly as that of plaintiff, if the movable cam be not an element of plaintiff's first claim, or in other words, *the claim*, leaving out the movable cam as an element, *must be construed narrowly in order to avoid being held bad in view of Wirth's patent.*"

Your petitioner would call special attention to the language which Mr. Renwick uses, by which he seems to think that the defendant should be allowed to restrict the scope of his patent in order to enable him to escape the operation of the general rule as to estoppel,— a favor to a party, with whom courts should be inclined to deal very strictly, rather than liberally, as he certainly does not "infringe ignorantly or inadvertently." (*Loring* vs. *Booth*. 52 F. R. 150).

Mr. Henry B. Renwick then proceeds to enumerate eight points of difference between the defendant's apparatus and that of the plaintiff's first claim, as he construes it (R. p. 134).

Mr. Edward S. Renwick discusses each one of these differences very fully (R. pp. 162 to 170) to which discussion your petitioner would call particular attention. Mr. Edward S. Renwick here shows that in his opinion none of these differences referred to prevent defendant's apparatus from embodying in substance the combination recited in said claim. He shows that the differences could be obviated by the simplest mechanical changes, and states that he is confirmed in this view by the changes which were made in the Martin and Hill system which was marked, as appears in the affidavit of Mr. Jager, with the date of the patent in suit. He closes by saying:

"In conclusion on this subject I may state that the views presented in the affidavits of both defendant's experts appear to be based upon the as-

sumption that there could be no embodiment of the combination of the first claim of the 'Martin patent' unless a Chinese copy should be made of the identical apparatus represented in the drawings of the patent, and that any addition or change by which the utility of the apparatus might be extended or its capacity increased, must of necessity free the improved apparatus from the scope of the first claim of the 'Martin Patent,' a view which I cannot and do not agree with."

Mr. Henry B. Renwick in his answering affidavit (R., p. 185) sums up his reply to Mr. Edward S. Renwick's discussion of these differences in the following language:

"If Martin be distinguished from Wirth by certain differences and must be so distinguished in order to save his patent (if the movable guards be left out of his claim), then differences of the same character and extent will distinguish defendant from Martin. Such differences may be called immaterial and trivial, but if they are not taken into account, the Martin patent is bad (as above construed); if they are considered it may be held good but so narrowed as not to include the defendant."

We submit that this reason is not one that should commend itself to a court of equity under circumstances like those of the present case.

APPENDIX B.

ESTOPPEL BY MARKING AND ADVERTISING.

I. Facts.

1. The cash carrier systems, manufactured by defendant while in partnership with Hill, and by the complainant corporation, while defendant was its president and general manager, were marked and advertised as being patented on the date of the patent in suit.

Manufacture.

In Martin's amended answer in the State Court suit, the Record of which forms a part of the Record in this case, he alleges (R. p. 520) that he

"made an oral agreement with said Hill on or about the eleventh day of April, 1883, which provided that said Hill should have a certain interest in Letters Patent No. 255, 525, then issued to the said Martin for

a cash carrier, and also provided that they should form a co-partnership with equal interests, to manufacture, sell or rent these before-mentioned cash carriers *under said patent No. 255, 525, and for no other purpose;* said Martin agreeing to devote so much of his time as might be deemed necessary for the successful construction of said cash carriers and management of the business, and to receive therefor five dollars ($5.00) per day as compensation for said labor; said Hill agreeing to furnish the necessary cash working capital, and to receive therefor as interest seven per cent. per annum for the amount actually in use.....That while the said Martin and said Hill were co-partners under said agreement, and after they had put the system described in said patent into actual use, it was found from time to time that there were difficulties attending the practical working of said system, which impaired its value and usefulness; and said Martin did, as such difficulties were discovered, devise improvements to overcome such difficulties and objections, and patented some of them,.....

"*that all the cash carrying apparatus made by the said firm were of the peculiar and distinctive character described in said patents, and were marked as being made under such patents,*.....

"The defendants admit that the said Martin and Hill advertised their said apparatus....."

In his affidavit in the present suit the defendant says (R. p. 82):

"In December, 1887, the Martin and Hill Cash Carrier Company was organized by myself, said Hill and one Pierce, and all of the patents which had been issued to me for cash-carrying apparatus and *under which said Martin and Hill system had been constructed*, were conveyed to said corporation by an assignment duly entered of record in the Patent office at Washington, and another similar assignment was made at the same time to said company of all systems, plants, stations and other personal property used by said co-partners in connection with the said cash-carrier system."

The defendant Martin became president and general manager of the said Martin and Hill Cash Carrier Company, the complainant in the present suit (R. pp. 141, 145), and continued to be such till Feb. 18. 1888. (R. pp. 137, 82, 83).

Prior to that time both Martin and Hill and the Martin and Hill Cash Carrier Company had manufactured and leased a large number of store service systems, "aggregating," according to Mr. Spear (R. p. 148), "some thirteen hundred and fifty-seven stations." This is also shown by the contract of Feb. 18, 1888, hereinafter referred to.

Marking and Advertising.

Mr. Jager, a machinist employed both by Martin and Hill and by the complainant from its first organization in the manufacture of the Martin and Hill cash carrier systems, testifies as follows, (R. pp. 139, 140.)

"Both the firm of Martin and Hill and the Martin and Hill Cash Carrier Company affixed to these cable cash carriers a plate having thereon the following:

" 'Pat. Mch. 28, 1882.'
" 'April 24, 1883.'
" 'September 4, 1883.'
" 'March 24, 1885.'
" 'January 19, 1886.'
" 'August 16, 1887.'

"Prior to Aug. 16, 1887, this plate contained the dates of the previously granted patents. Sometime in the summer of 1887, I made a metal punch which had on it the following:

" 'Pat. March 28, 1882.'
" 'April 24, 1883.'
" 'September 4, 1883.'
" 'March 24, 1885.'
" 'January 19, 1886.'

" inverted like printers' type, which was used to mark the bottom of the cash boxes used in the Martin and Hill Cash Carrier System made by both the firm of Martin and Hill and the said company. I produce herewith a block of wood with the impression of said punch thereon as it was put on the bottom of such cash boxes. This block is entitled in this case, and marked 'Complainant's Exhibit Patent Marks on the Boxes,' and I have affixed my name to it.

"After the organization of the Martin and Hill Cash Carrier Company, and prior to the time that Mr. Martin severed his connection with that company, it issued circulars to the public regarding its cable cash-carriers, one of which I now produce, entitled in this case and marked 'Complainant's Exhibit Martin and Hill Circular,' and to which circular I have affixed my name.

" The cuts of this circular illustrate the apparatus described by me, the devices for receiving the boxes when detached from the endless cord, being like what are shown in the 'Exhibit, Martin & Hill Cable Cash Carrier.' "

Mr. Stone testifies (R. p. 143):

"After the formation of the Martin & Hill Cash Carrier Company, which I am informed was in December, 1887, and before Mr. Martin severed his connection with that company, it issued to the public circulars with cuts the same as the one now before me marked 'Complainant's Exhibit Martin and Hill Circular.' These cuts show the Martin & Hill

system as it was manufactured and put into use by the firm of Martin & Hill prior to the formation of said company, and with a slight difference in the devices for receiving the cash boxes, after being disconnected from the cable referred to in the affidavit of Mr. Jager as said apparatus was manufactured after the formation of said company.

"Similar circulars with cuts showing the Martin & Hill system were also issued to the public by the said firm of Martin & Hill for some time prior to the organization of the Martin & Hill Cash Carrier Company."

See also testimony of Mr. Spear (R. p. 148).

Construction.

The construction of the systems thus manufactured and advertised can be clearly seen in the circular above referred to (R. p. 203), which is here reproduced on pp. 59-62, and is clearly described by Mr. Jager (R. pp. 137, 139). His testimony will be quoted below.

2. This marking was done and these circulars were issued under the general direction of Martin.

It is proved by complainant and not denied by Martin, that while a partner of Hill and while president and general manager of the complainant, he had the oversight of the whole business carried on by his firm and this company, and was actively engaged in introducing the Martin and Hill system into general use, personally soliciting orders for said systems from storekeepers (R. pp. 136, 141, 145).

So far as the record discloses, Martin was the only one who had the oversight of the business of the firm of Martin and Hill and that of complainant while with it, and there can be no doubt, therefore, that he had the circulars issued and caused the marking of the systems.

Moreover, Martin himself swears as follows in his second affidavit (R. p. 180),—

"It is true, I believe, that the plates annexed to the plants of the Martin & Hill system contained the date of the patent of March 28, 1882, but *I included the dates of all my patents* on said plate. . . ."

There can be no question that Martin with Hill issued the circulars while they were partners; and as Martin, while president

COMPLAINANT'S EXHIBIT MARTIN & HILL CIRCULAR

Martin & Hill's Cable Cash Carriers.

THE CARRIERS AT THE CASH DESK.

We refer you to the following stores where our Carrier System can be seen in operation:

J. LICHTENSTEIN & SON, Grand St., N. Y.
SAUL BROS., Grand St., New York.
NAUSS & BROS., Third Ave., New York.
STRANSKY, REIMAN & AARON, Third Ave., N. Y
MAYER & ROSE, Washington, D. C
CHARLES BAUM, " "
SAKS & Co., " "
L. S. PLAUT & Co., Newark, N. J.
A. S. THOMAS, Meriden, Conn.
I. D. ALLEN & Co., " "
GLEN SHIRT AND COLLAR Co., Boston, Mass.
J. F. & W. H. FALVEY, South " "
HASKELL & TRIPP, New Bedford, Mass.
H. BATTERMAN, Brooklyn, N. Y.
SMITH & IMLAH, Worcester, Mass.
A. D. MATTHEWS & SON, Brooklyn, N. Y.
W. G. WEBBER & Co., Salem, Mass.
GROSS, STRAUSS & Co., Worcester, Mass.
W. L. BARNARD & Co., Springfield, Mass.
F. B. WILDER, " "
J. D. GILL, " "
E. O. CLARK & Co., " "
L. B. COE, " "
L. H. FIELD, Jackson, Mich.
C. FOLGER & Co., South Framingham, Mass.
B. PECK & Co., Lewiston, Maine.
E. C. NICHOLS & Co., Lewiston, Maine.
B. B. FOWLER, Glen's Falls, N. Y
JACOBS & LOEWI, Cleveland, O.
GILLETT & Co., Westfield, Mass.
S. LEVISON, Springfield, Mass.
FORBES & WALLACE, Springfield, Mass.
BROWN, THOMSON & Co., Hartford, Conn.

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MARTIN & HILL CASH CARRIER CO., FLORENCE, MASS.

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Office of L. S. PLAUT & Co

NEWARK, N. J., Sept. 8, 1887.

TO WHOM IT MAY CONCERN.—Having used the Martin & Hill Cable Cash Railway System for the past year, we find it the most advantageous system in use and cheerfully recommend it.

L. S. PLAUT & CO.

THE BEST OBTAINABLE

SPRINGFIELD, MASS., June 9, 1886.

MESSRS. MARTIN & HILL.

DEAR SIR:—I think it your due to inform you that your CASH CARRIER is more than satisfactory to us. For six months it has run perfectly not causing us a moments worry, or the slightest trouble. I have seen all carriers in use and firmly believe your system is the best obtainable. If ever necessary you may use my name for reference, or my store to exhibit the workings of this perfect system.

Yours respectfully, F. B. WILDER.

THE BON MARCHE. WASHINGTON, D. C., June 28, 1886.

MESSRS. MARTIN & HILL, Florence, Mass.

GENTS:—YOUR CABLE CASH CARRIER in the "Bon Marché" has given entire satisfaction. We consider it the best and most complete system ever introduced. We are enabled by it to handle double the business in half the time, since its being put in running order Yours &c., MAYER & ROHR.

NEW BEDFORD, MASS., May 22, 1887

MESSRS. MARTIN & HILL.

GENTLEMEN:—We have used your CASH RAILWAY about one year, and are so well pleased with it, that we would not change it for any other we have ever seen, even if we could have another system free of charge. Yours truly, HASKELL & TRIPP.

MERIDEN, CONN., Oct. 10, 1887

MESSRS. MARTIN & HILL, Florence, Mass.

GENTLEMEN:—I take pleasure in saying, after several years use of your CASH CARRIER, that as it has done the business so speedily and satisfactorily, I would not replace it with any known one, even if furnished gratis and a handsome bonus.

Yours respectfully, A. S. THOMAS.

AND MANY OTHERS EQUALLY ATTRACTIVE FROM PATRONS IN BROOKLYN, NEW YORK AND OTHER LARGE CITIES.

We have in preparation, and shall issue at a early date, a book with illustrations, giving a history and fully explaining the merits of this system

If you are using any other System of Store Service, do not renew or Extend your Lease until you have communicated with or heard from the

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Florence, Mass.

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SEPT. 4. 1883 MARCH 25, 1885.
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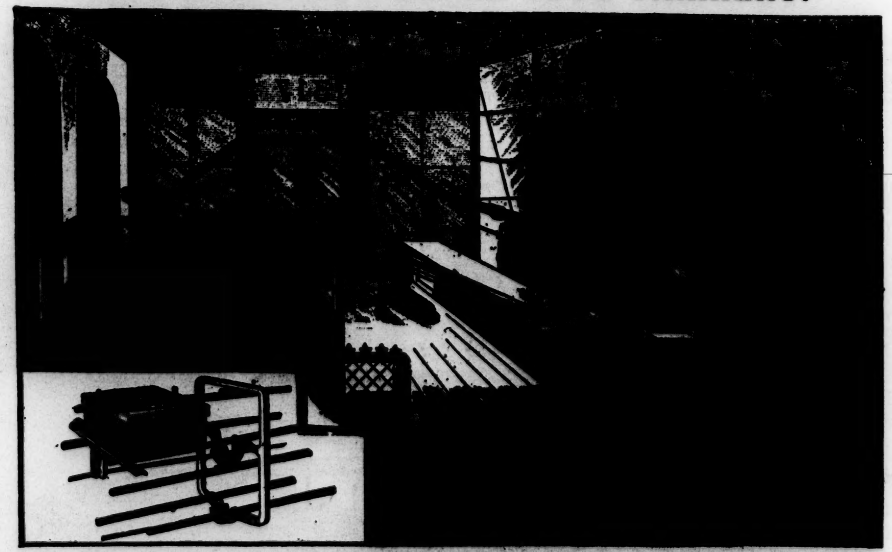

THE CARRIER IN POSITION.

This labor-saving invention is designed to supersede cash boys in large retail stores, and is superior to all other contrivances for carrying cash and memoranda between clerks and cashier, or packages between clerks and packer.

It forms an ornamental fixture to a store whose beauty is commended by all.

If desired the carriers can be placed out of sight beneath the counters.

It is operated by a little motor and performs its duties in a quiet, safe and expeditious manner. The labor of cash boys is dispensed with by its use with attendant noise, confusion and blocking up of alley ways. No necessity of elevating the cashier's desk.

It has been thoroughly tested, as the proprietors have been giving it the time and thought to perfect the invention before going into their extensive manufacture.

It excels all other store service, and invites the attention of all seeking the best.

Our representative will call upon application.

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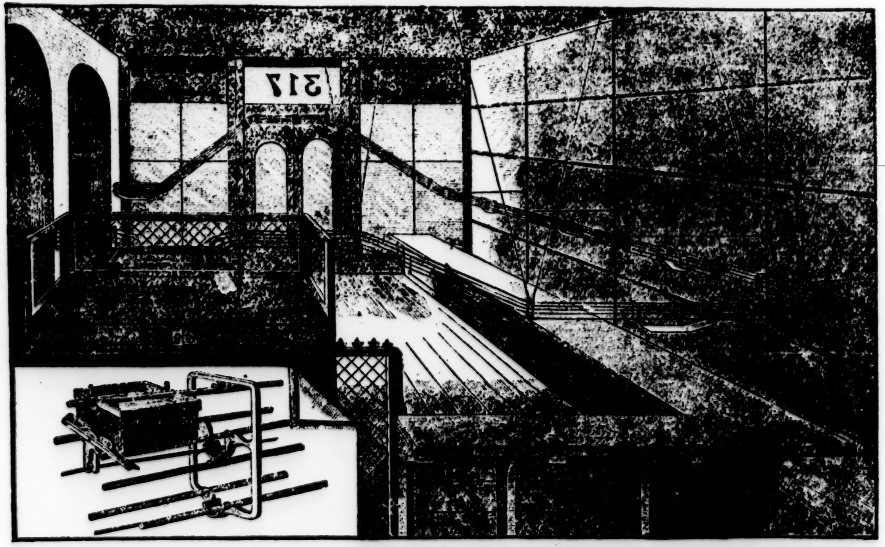

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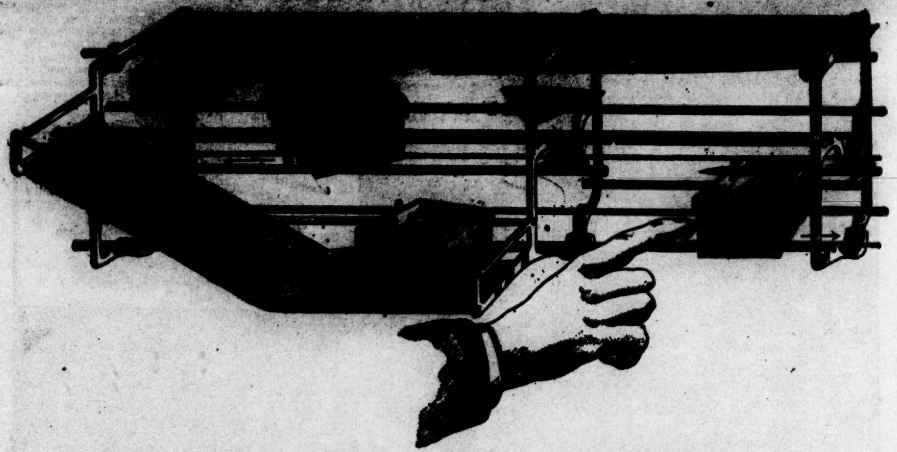
MARTIN & HILL CASH CARRIER COMPANY, FLORENCE, MASS.

MARTIN & HILL'S CABLE CASH CARRIERS.



SALESMAN STARTING A BOX AT COUNTER TO GO TO CASHIER'S DESK. BOX RETURNING ON UPPER TRACK

The Martin & Hill Cable Cash Railway has the following points in which it excels all other systems for communications between salesmen and cashier or clerks and packer.

POSITIVE ACTION: GREAT SPEED, running fifteen feet a second; GREATER BEAUTY of construction, being entirely of nickel-plated metal, in compact, graceful form; NEATNESS, it has no receptacles to gather dirt that can afterwards be jarred down upon delicate fabric; NOISELESSNESS of ACTION; SAFETY, no danger from falling balls or boxes. NOVELTY and POWER to ATTRACT; CAPACITY for DOING WORK, it will run up, down or on a level, conforming to any shaped building, delivering cash to one cashier's desk for several stories.

It will bear investigation.

MARTIN & HILL CASH CARRIER CO., FLORENCE, MASS.

and general manager of the complainant, had the oversight of the whole business carried on by it, the legal presumption is, and this is as strong as direct proof, that he caused these circulars to to be issued while with this company.

3. This marking and advertising amounted to a representation by Martin to the complainant and its stockholders that the invention of the patent in suit was embodied in the Martin and Hill system, and this representation was acted on.

(1.) *This representation was implied in the sale by Martin and Hill to the complainant of the patents and assets of this business.*

The assets of Martin and Hill were conveyed to the complainant corporation by two instruments in writing executed on the same day, Dec. 21st, 1887, copies of which are at pages 507 and 508 of the Record.

The patents, including the one in suit, were assigned by one instrument, the consideration being stated to be one dollar and other valuable considerations. The contemporaneous transfer of "all the property of every description . . . consisting of cash or parcel carriers manufactured by said Martin and Hill and now in use," all stock, machinery and tools and "sums due under leases" and all "rights under leases," purports to be made for a consideration of Two Hundred and Fifty Thousand Dollars.

It may fairly be inferred that these two instruments were virtually one and were divided merely for convenience in recording the former in the patent office, and that the real consideration for all the assets transferred by the co-partnership was Two Hundred and Fifty Thousand Dollars.

These assets included the patent in suit, systems marked and advertised as made under the patent in suit and leases for said systems. The revenue of the new company depended entirely on said leases, and on future leases to be secured. Said leases were based primarily on the fact that the systems leased were protected by patents, and that they were so protected by the patent in suit among others was clearly claimed by Martin by the marking and advertising above referred to.

Hence, the representation, that said systems embodied the invention of the patent in suit among others, is attributable to Martin as being made by him to the complainant corporation upon its purchase of the assets of said co-partnership for Two Hundred and Fifty Thousand Dollars.

(2.) *This representation was implied by Martin's acts as president and general manager of the complainant in marking and advertising the systems manufactured at complainant's expense.*

It appears by defendant's answer and his amended answer in the State Court suit (R. pp. 505, 525), that, at the time of the assignment from Martin and Hill to the complainant of the assets of said co-partnership, including the leases of cash carrier systems, said leases brought in an annual rental of $17,000.

It also appears that at the time Martin sold his stock in the complainant and severed his connection with it, rentals were being received on 1357 stations (R. p. 148) and the price charged appears to have been $22 per station. This would show a revenue of nearly $30,000, and hence a very large increase since the organization of the company.

This increase was undoubtedly due to the manufacture and leasing of additional systems. Such manufacture involved the expenditure of capital in the expectation of receiving such rentals or royalties.

This expectation must have been chiefly based on the fact that those systems were protected by patents.

Hence, the representation, made by its own president and general manager on each system so manufactured, on the cash boxes used therein, and on the circulars issued about said systems, that said systems were protected by the patent in suit among others, must have been a material inducement for the complainant to expend its capital in such manufacture. The representation was made to whom it might concern, and the corporation, to whom Martin stood in a relation of special confidence, was certainly entitled to rely on this representation, and it gave ample proof of its reliance in the expenditure of its capital in such manufacture.

(3.) This representation was implied in the sale by Martin and his associates to Messrs. Lamson and Ames of the entire capital stock of complainant for $190,000.

The contract in relation to said sale (R. p. 19) recited:

"That said company is the lawful owner of all the patents of the United States, and is entitled to all foreign patents for cash or parcel carrying or store service invented or issued to said Joseph C. Martin, and also of all his inventions and applications for any other cash or parcel carrying apparatus." Also

"That said company is a lawful owner of certain other personal property, consisting of cash systems in the stores of lessees, all of which are shown by the books of said company, and by contracts or leases with said merchants." Also

"That said company is the owner of leases of at least twelve hundred stations of said cash-carrying systems which have been made to merchants in the United States, for which they are to receive an annual rental, at the rate provided in the said leases."

It will thus be seen that the assets of the Martin and Hill Cash Carrier Company, at the time of this complete change in the ownership of its stock, included, not only all the Martin patents, "*under which*," in Martin's own language (R. p. 82) "*said Martin and Hill system had been constructed*," but also the ownership of a large number of said systems and of the leases made therefor bringing in an annual rental, which systems and the cash boxes used therewith, were marked with the date of the patent in suit and were advertised in circulars as patented on the date of the patent in suit.

The leases, which brought in the revenue of the Company, were thus of systems represented by Martin to be made under and protected by the patent in suit among others. This last representation may, therefore, be considered to be an implied one in a sale covering said leases, systems and patents.

4. The pleadings in the present suit amount to an admission by defendant Martin that the cash carrier systems manufactured by Martin and Hill and by the complainant, while he was its president and general manager, were made under the patent in suit and embodied the invention thereof.

The bill of complaint, as amended to leave in only this patent of March 28, 1882, contains the allegation regarding the same that (R. p. 6):

"since your orator became the owner thereof as aforesaid, they have invested and expended large sums of money and have been to great trouble in and about said inventions and improvements for the purpose of carrying on the business of making and licensing persons to use *store-service apparatus containing the said inventions*, and making the same profitable to themselves and useful to the public, and that very large numbers of such store-service apparatus have been made, and a very large number of persons have been licensed to use the same in various places throughout the United States by the said Joseph C. Martin and Arthur G. Hill and your orator to the great advantage of the said licensees and of the public;" . . .

Here is a distinct, formal allegation that store service apparatus has been made by the defendant Martin and the complainant corporation, containing the inventions of said patent of March 28, 1882, and this allegation clearly refers to what has been termed the Martin and Hill cash carrier system, the only store service apparatus which the proofs disclose has been made by the complainant corporation.

The defendant, in his answer, does not deny these allegations, and they must, therefore, be taken to be admitted.

5. The invention of the patent in suit cannot, however, have been embodied in the Martin and Hill system, unless the first claim of said patent is construed broadly as it reads, and is not limited by the prior state of the art to the precise form of apparatus described in the specification, as it was by the Circuit Court of Appeals.

Your petitioner has shown in Appendix A by quotations from the testimony of defendant's expert, Mr. Henry B. Renwick, that defendant's contention is that the patent in suit should be limited to certain features of the apparatus shown in the description and drawings of said patent.

Not one of these peculiarities is present in the Martin and Hill system.

On the other hand, the Martin and Hill system contains all the distinctive features which Judge Colt in his opinion (R. p. 551) points out as distinguishing defendant's system from that of the patent in suit. He says:

"While defendant's apparatus contains elements corresponding with those of the patent in suit, it is in substance and effect a different system. The track in this apparatus is essentially a double track, the carriers travelling in one direction on one track and in an opposite direction on the other track. The carrier must be capable of removal from the track and cord, for it cannot go back to its starting point by continuous movement in one direction. It must be wholly removed from one track and placed upon an adjoining track before it can be returned to the point from which it started. . . . .

"The defendant's apparatus is so constructed that an almost indefinite number of carriers may be used, and while certain carriers will be automatically switched off from the main track and disconnected from the cable at certain stations, others will be switched off at the other stations."

Every one of these features, which the court seems to consider as differentiating the defendant's apparatus from that of the patent in suit, is equally present in the Martin and Hill system. Hence, if that patent is to be so construed, the Martin and Hill system does not embody the invention of said patent. But this the defendant is certainly estopped to deny by reason of his representations in marking and advertising said system and by the pleadings in this case.

It must, therefore, follow that, as against the defendant, the patent in suit must receive a different construction from that which defendant has sought to put upon it, and which the Circuit Court of Appeals has given to it. Such construction would necessarily omit all the peculiarities to which defendant has sought to limit that patent, and which are absent from the Martin and Hill system, and would permit of only one construction for it, viz., that expressed in the first claim, read without regard to the "particular instance" described in the specification. In other words, this claim must be construed, as against the defendant, to cover broadly the five elements referred to in that claim or their equivalents.

6. The system manufactured by defendant, since severing his connection with complainant and for which the present suit is brought, is substantially similar in construction, mode of operation, appearance, and in the functions which it performs, to the "Martin and Hill System," and if the latter system embodied the invention of the patent in the suit, the former must equally be held to embody said invention.

The Record (p. 207) contains "Complainant's Exhibit Drawing of Defendant's Store Service Apparatus." This apparatus is very fully described by defendant's witness, Mr. Joseph P. Livermore (R. pp. 106 to 108, *et seq.*) which testimony will be partially quoted below; also by Mr. Graham (R. pp. 42 to 45).

Defendant claims in his answer (R. p. 11) that this apparatus was constructed under Letters Patent No. 399,150, issued to him March 5, 1889. Sheet 1 of the drawings of said patent showing said apparatus, is here reproduced on p. 69.

On the question of the similarity of defendant's system to the Martin and Hill system, your petitioner refers the Court to defendant's new patent No. 399,150, the circular reproduced above, and will quote below in parallel colums, first, the description of the Martin and Hill system given by Mr. Jager, who was in the employ both of Martin and Hill and of the Martin and Hill Cash Carrier Company prior to the change in ownership of its stock, and who personally superintended the construction of the systems which were manufactured; and, secondly, the description of the defendant's system, as given by defendant's expert witness, Mr. Livermore.

MARTIN AND HILL SYSTEM.

DESCRIBED BY JAGER.

(Record, pp. 137 to 139.)

"One or more lines of the apparatus extended by the salesmen's counters or stations, terminating at the cashier's desk. Each line was provided with tracks, one over the other, which supported and on which traveled cash boxes while being transferred from the sales counters to the cashier's desk and back again to the sales counters; extending along and in proximity to these tracks was an endless moving cord always propelled in one direction by a water or other suitable motor. Each cash box was provided with a gripping device by which such box could be attached to the cable and be thus carried by it while on the track from the salesmen's

DEFENDANT'S SYSTEM.

DESCRIBED BY LIVERMORE.

(Record, pp. 106–108, 115.)

"In defendant's apparatus the track is essentially a double track line, the same for example as in the Wirth British Patent, the carriers traveling in one direction on one track and in the opposite direction upon the other track.

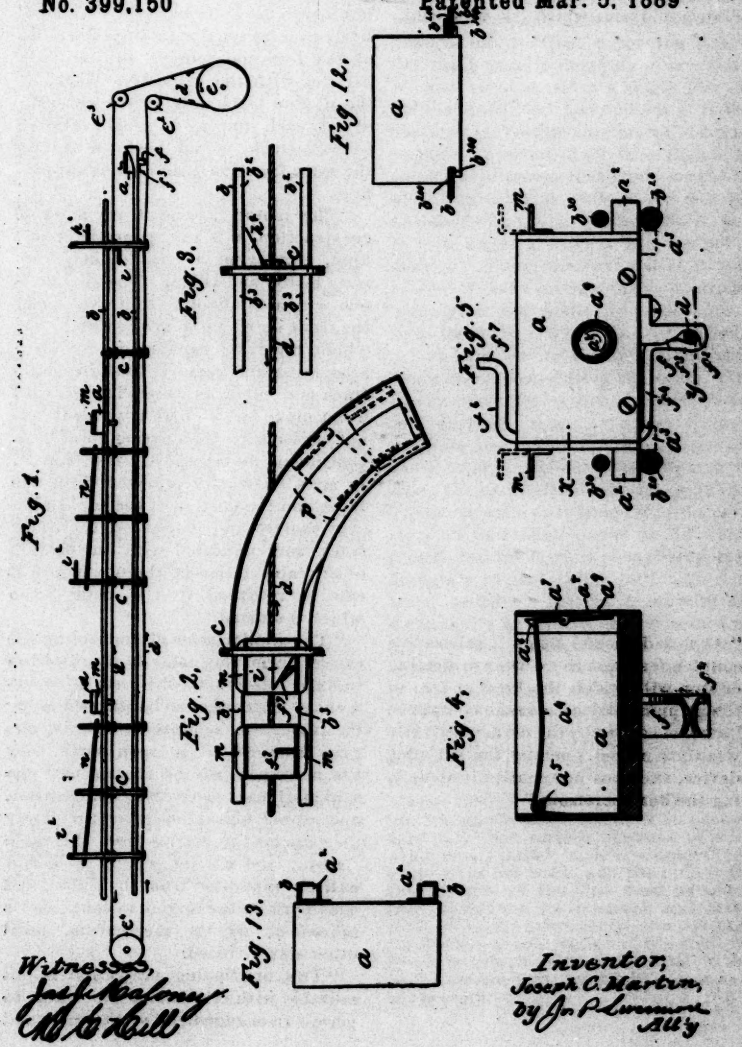
"Taking A and B for example, as two stations, and assuming that the carriers have passed from A to B along one track, they cannot be returned from B to A by a further movement in the same direction, as the track is not an endless one, but they must be returned from B to A by taking them off from the track which carries them from A to B and applying them to the other track which returns them from B to A.

(No Model.) 2 Sheets—Sheet 1.

J. C. MARTIN.

CONVEYING APPARATUS.

No. 399,150. Patented Mar. 5, 1889.



Witnesses,
Jas. F. Mahoney
M. B. Hall

Inventor,
Joseph C. Martin,
by Jno. P. Livermore
Atty

(MARTIN AND HILL SYSTEM.)

counters or stations to the cashier's desk upon the lower track, and back again upon the upper track from the cashier's desk to the salesman's counter or station from which it was sent.

. . . . . .

"At this desk and at each salesman's counter or station there was a projection or stop with which the lever or arm of the gripping device came in contact in its travel carried by the cord, which arm was thus moved, opening the gripping device, and thus automatically detaching the box therefrom."

(DEFENDANT'S SYSTEM.)

"The cable is an endless one but does not necessarily extend for its entire length in parallelism with the track as is the case with the cable of the patent, but merely needs to have the two oppositely running portions at opposite sides of the terminal pulleys substantially parallel with the respective tracks of the double track line. Two separate cables, each running in proper relation to each track, would perform exactly the same function in defendant's apparatus.

"The motor may be of any suitable construction, as is any apparatus of this kind, employing a continuously running motor and cable. The carrier is one which is adapted to travel along the track on which it is supported, but which must be capable of complete separation and removal both from the track and cable, as otherwise it could never make but a single trip, for it cannot get back to its starting point by a continuous movement in one direction. It must be wholly removed from one track and the portion of the cable adjacent thereto and placed on the other track and connected with the portion of the cable adjacent thereto before it can be returned to the point from which it started.

"The appliance for disconnecting the carrier from the cable is a projection in fixed relation to the path of movement of the carrier to be stopped along its track, and operates to throw the grip from closed to open position by the movement of the carrier past the said stationary projection, but does not, and cannot, arrest the carrier; it merely disconnects the carrier from the cable (leaving the carrier wholly free and entirely separated from the cable), and then permits the carrier to continue its movement by its momentum, until otherwise arrested.

"This ungripping projection is not movable with relation to the track to permit re-engagement of the grip, and

(MARTIN AND HILL SYSTEM.)

"At each salesman's counter or station and the cashier's desk, and in proximity to this projection or stop there was a suitable device at one side of the track to receive the box, and upon which it was carried by its momentum when detached from the cord. At each salesman's counter or station also in proximity to this stop or projection there was a switching device operating in connection with projections upon the boxes whereby, when the box appropriate to that counter or station reached the same, it was automatically switched off upon the receiving device. The switching device for each station was arranged in a different relation to the track from any other station, and the projections on the boxes were also located differently for the boxes appropriate to the different stations, so that in this way the boxes could be switched off from the main track at different points and be always stopped at the station or counter from which they were sent, and out of the path of movement of other boxes passing that station.

. . . . . .

"Each of the lines of this Martin and Hill Cable Cash Carrier was provided with a device for taking up the slack of the cord as it stretched."

(DEFENDANT'S SYSTEM.)

has nothing whatever to do with the re-engagement of the grip.

"Besides the foregoing features, defendant's apparatus is so constructed that an indefinite number of carriers may be used, and there may be an indefinite number (not exceeding a certain limit, usually about ten in practice) of way stations along a single line of double track, and the apparatus is so devised that certain carriers will be automatically switched off from the main track and disconnected from the cable at certain stations while others will be switched off at other stations, each carrier in its return from the cashier's desk or common terminal station to the places of sale or salesman's stations being thus automatically switched off from the main track at its own station.

"On thus leaving the main track and being disconnected from the cable, the carrier runs on to a short branch track or side track, where it comes to rest when its momentum is overcome out of the path of movement of other carriers along the main track past the station. This automatic switching off of the carriers on to branch tracks at different points, certain carriers always stopping at certain of said points, although not being broadly a feature of novelty in defendant's apparatus, was not shown in any of the systems of cable conveying apparatus referred to by me as illustrating the state of the art prior to the time of the Martin patent sued upon, although a somewhat similar result is attempted in the apparatus of the White Patent No. 229,783, before mentioned."

Page 115. "With the double track system, on the other hand, it is necessary only that certain portions of the cable run parallel with corresponding portions of the track, and the pulley at the terminal of the line need have no definite relation to the track and may thus be made movable to compensate for stretch or contraction of the cord, a function which is very essential with long lines such as defendant's apparatus is adapted for."

Your petitioner submits that the foregoing descriptions and an examination of said circular, and of the drawings of defendant's patent, No. 399,150, show that *both systems are substantially similar in every material respect, and that in fact each of the foregoing descriptions would apply equally well to the other system.*

Points of Similarity.

1. Both are double *track* systems, having a lower track on which the boxes or carriers are forwarded by the salesmen to the cashier's desk, and an upper track on which the carriers are returned from the cashier's desk to the salesmen's counters, both these tracks being substantially parallel.

2. Both systems have a *cable* running below each track, in one direction under the forwarding track and in the opposite direction under the return track. Two cables might be used equally well, one under each track. The cables can be and are arranged with a device for taking up the slack so that they can be kept at a uniform tension.

3. Both systems have a *motor* for propelling the cable.

4. Both systems have *boxes* or *carriers*, movable with respect to the track, which, when returned from the cashier's desk are automatically switched off on a side track, at the station appropriate to each particular box or carrier, and they must then be replaced by the salesman on the return track to forward them to the cashier.

5. Both systems are arranged so that the boxes or carriers are automatically *detached* from the cable at their appropriate stations by a cam which impinges on the clutching device.

It will thus be seen that both systems "are substantially the same in principle, and do substantially the same kind of work in stores," as testified to by Mr. Spear (R. p. 147), and as testified to by Mr. Graham are "substantially the same in appearance" and do "exactly the same work." (R. p. 54).

Points of Difference.

1. *The track* in the Martin and Hill system is composed of three rods, two below the carrier and one on top, in the middle, the function of the former being to support the weight of the

carrier, and of the latter to keep it in place and prevent it from leaving the track.

In defendant's system the track is composed of ⊂ or channel shaped rods on each side, into which corresponding projections from the base of the carrier fit.

As pointed out above, these forms of track are substantially equivalent (p. 50), and this is shown by the language used in the specification of defendant's patent No. 399,150, in which he says (R. p. 201, lines 7 to 11):

"the essential feature in the construction of the track in all cases being that each rail or guide member has two guiding-surfaces, one engaging the carrier from below, and the other from above."

The upper guiding surfaces referred to, correspond in their function with the upper rod of the Martin and Hill system.

2. The *gripping device* in the defendant's system is different from that in the Martin and Hill.

Defendant's device was, however, according to defendant's former brief, based upon the testimony of his experts, old in the art, and, therefore, an equivalent for the device in the Martin and Hill system.

The third and fourth points of difference are the only ones which Martin himself is able to suggest.

3. He testifies (R. p. 84) that in his later system

"it was absolutely impossible for any box to be returned by the cashier upon any line except the one leading to the particular station from which the box had been sent to the cashier."

This at most is but a slight improvement and practically gives no special advantage over the Martin and Hill system of numbering and lettering boxes.

Mr. Spear, whose employment as general agent of the Lamson Consolidated Store Service Company since 1886, makes him an expert as to the requirements and complaints of customers, testifies (R. p. 147):

"In the Martin and Hill system the boxes are all lettered and numbered to correspond with letters and numbers upon the line to which they

belong, so that the cashier can readily place them on such line. Although there is a liability through carelessness of the cashier of placing a box belonging to one line upon another, practically no mistakes are made and no complaint has ever been made on account of any such liability to place boxes on wrong lines."

It is self evident that it is no more effort for a cashier in picking up a box to notice its number than its precise shape in deciding which line to send it by.

4. Martin also testifies (R. p. 84) that in his later system

"stations could be placed either on the right or the left-hand side of any track as might be more convenient in the case of any particular station."

In this connection it is well to note that the Martin and Hill system of switching the carriers off at appropriate stations by a pin on top entering an appropriate groove above is precisely equivalent to the Martin system of having pins or flanges at the two sides of the carrier which, upon reaching appropriate grooves, lead the carrier up instead of to one side in reaching the side track where it is removed by the attendant.

The systems thus operate in a manner substantially similar except as to the slight possible advantage referred to.

This difference is commented on as follows by Mr. Spear (R., p. 147.)

"Again, although stations can be placed on the right or left-hand side of any track of the Martin system, which, however I am informed, is rarely done, this is of no special advantage, as no difficulty has been found in running the lines of the Martin and Hill system so that the stations would be located conveniently for the salesman, and although we have a plan by which the stations could be placed on the right and left-hand side of any line, it has not been of enough consequence to adopt it."

Your petitioner submits that, having shown above that the defendant is estopped to deny that the Martin and Hill system embodied the invention of the patent in suit, the aforegoing comparison shows conclusively that defendant's present system is so essentially like the Martin and Hill system that he is equally estopped to deny that said present system embodies said invention.

II. Authorities.

(1) PATENT CASES.

While the question here presented has never been directly passed upon by any Court, so far as your Petitioner is aware, yet there are numerous patent cases which point unmistakably to the conclusion contended for.

The case of *Eureka Company* v. *Bailey Company*, 11 Wall. 488, cited in the Petition, is one to which especial attention is called.

In the case of *Time Telegraph Company* v. *Himmer* and others, 19 F. R, page 322 (decided by Judge Wallace in 1884), a motion was made for a preliminary injunction against, among others Himmer and Carey. It appeared that Himmer was the inventor and assignor to the complainant of the improvement of the Letters Patent there in suit.

The Court said:

"While he was in the employ of the complainant as its superintendent he ordered certain clock mechanism to be made, which was identical in parts and arrangements with that now sought to be enjoined, representing it to be one of the modifications of the invention secured by the patent. Special tools and dies were obtained to construct this mechanism and the complainant's officers, assuming that the complainant was protected by the patent, have embodied this mechanism in their clocks, and introduced them to the public. After Himmer left the complainant's employ he induced the manufacturers who were then making this clock mechanism for the complainant, to supply him with the various parts sufficient to make a number of complete clocks. These have been put together by him, (or his wife, in whose name the clock-making business is carried on,) and through the agency of the defendant Carey, who seems to have been cognizant of all the facts, and to be the principal promoter of the transaction, are now being introduced to the public in competition with the complainant's clocks. Upon these facts Himmer is estopped, for the purposes of a motion like this, from contesting the validity of the patent, or denying *that the clock mechanism he employs is covered by the claims of the patent.* He cannot be heard to assert either of these defenses after inducing the complainant to acquire the patent and engage in making and selling clocks under it, such as he now undertakes to make and vend. Carey occupies no better position than Himmer does."

In the case of *Alabastine Company* v. *Payne*, 27 F. R. 559, decided by Judge Coxe in 1886, it appeared that one Church,

having obtained a patent on an improvement in calcimine, the description and claim of which provided for a mixture of ingredients in water, sold his patent to the complainant, and became its superentendent, and as such publicly proclaimed that the compound manufactured by the complainant and known as "Alabastine," was protected by the patent in controversy. He subsequently severed his connection with the complainant, and became president, general manager and prime mover of a new company, through which medium he sold to defendant among others, a product known as "Anti-kalsomine," almost exactly identical with "Alabastine."

Defendant contended that because the product was put up dry in packages,—to be dissolved by the purchaser,—that its manufacture did not infringe the patent.

But the Court, "keeping in view the past relations of these parties," held that "Parties should not be permitted to evade the law by such proceedings as these papers disclose;" and denied a motion to dissolve an injunction.

In *Loring* vs. *Booth, et al.* 52 F. R., 150, decided by Judge Coxe in 1892, a motion was made for a preliminary injunction upon Letters Patent which had been granted to the defendant and assigned to the complainant.

The Court, referring to the machine made by the defendants, said that it had all the elements of the claim in issue of the patent in suit,

"in combination substantially like the combination of the claim, but it is said that an examination of the prior art renders a narrow construction necessary, and, if so construed, the defendants do not infringe the claim."

After referring to the contract between the parties, as throwing light upon the interpretation and scope of the claim, as understood by the defendants at the time they sold the patents, though their action was not based on said contract, Judge Coxe says:

"They" (the defendants) "appear to have thought at that time that the purchasers of the patents were invested with a broad monopoly of the business in question. If their present contention is correct the complainant obtained nothing of real value. Parties situated as the defendants are do not occupy as favorable a position in a court of equity as those who

infringe ignorantly or inadvertantly. *As against the defendants the patents must be liberally construed.*"

In the case of *Blount* v. *Societe Auonyme du Filtre Chamberland Systeme Pasteur et al.* 3 C. C. A. 455, 460.

Judge Jackson held that,—as against one who procured a license under the patent, who became a promotor of and stockholder in a company which accepted a license under said patent, who participated in having such rights transferred to the Pasteur Chamberland Filtre Company, one of the complainant corporations, in which corporation he took stock, and who, while connected with said corporations, proclaimed the novelty and importance of the invention covered by said patent,—it might

. . . "well be doubted whether appellant is not estopped from denying or disputing, as against the Pasteur-Chamberland Filter Company, the validity of the patent. . . . His prior relation to the patent presented a strong equity in favor of the complainants, if it did not estop him from denying its validity under the authorities."

It will be noticed that this decision takes a broad view of the application of estoppel, even against one who is not the patentee, on account of his previous conduct and representations.

Your petitioner submits that these cases show the tendency of the Courts to go beyond the strict rules applicable to infringements, in the case of parties, who, by their previous conduct or representations, have placed themselves in a position where such rules would merely aid injustice and wrong.

These cases do not indicate the precise nature of the estoppel which they apply. But your petitioner submits that the true principle which underlies the decision of these cases, as it does the rule that a patentee cannot deny the vaildity of his patent, is that which is known as estoppel by inconsistent positions.

(2). INCONSISTENT POSITIONS.

The following cases decided by this court seem to be based upon this doctrine.

In *Daniels* v. *Tearney*, 102 U. S. 415, 421, a statute passed by the State of Virginia after its secession provided that executions should not be issued, and that debtors should give bond to

pay the debt sued upon. It was held that though the statute was clearly unconstitutional, a debtor who had given such bond was estopped from denying his liability on that ground. The following language by Mr. Chief Justice Swayne (p. 420) is very suggestive:

"The principle of estoppel thus applied has its foundation in a wise and salutary policy. It is a means of repose. It promotes fair dealing. It cannot be made an instrument of wrong or oppression, and it often gives triumph to right and justice, where nothing else known to our jurisprudence, can by its operation, secure those ends."

In *Branch* vs. *Jesup*, 106 U. S. 468, the appellants had received preferred stock in the Atlantic & Gulf Railroad Company under a contract made by said company with the South Georgia & Florida Railroad Company, and said appellants contended that said contract was *ultra vires*, and that said company had no right to issue such preferred stock.

Mr. Justice BRADLEY said (p. 476):

"After thus acquiescing in the purchase by the Atlantic and Gulf Railroad Company of the branch railroad in question, and of the amalgamation of stock incident to said purchase; and after the possessson and use of said road and its franchises by the said company as a part of its road system for a period of several years, the appellants are estopped from questioning the validity of said transaction, and cannot now repudiate their character of stockholders of the Atlantic and Gulf Railroad Company, and assume that of stockholders of the South Georgia and Florida Railroad Company. . . . To give to the appellants relief in any form in which it is asked, would be attended with injury and injustice to others who have innocently confided in the acts of the appellants and their associates."

Referring to the objection made by appellants that the Atlantic & Gulf Railroad Company had no power to issue preferred stock, Mr. Justice Bradley says (p. 481):—

"But it hardly lies in the mouth of those who received this stock and who for several years accepted the interest guaranteed to be paid thereon, to make this objection."

Referring to the objection raised by appellants to the exercise of corporate powers by the South Georgia & Florida Railroad Company after its charter expired, Mr. Justice Bradley says (p. 487):—

"And in their position, as stockholders of the Atlantic and Gulf Railroad Company, it does not lie in their mouths to object that the South Georgia and Florida Railroad Company unlawfully exercised corporate powers, when

it completed the performance of its obligation to the Atlantic and Gulf Railroad Company."

Wiggins Ferry Company v. *Ohio and Miss. Ry. Company*, 142 U. S. 396.

In *U. S. ex rel. International Contracting Co.* v. *Lamont*, 155 U. S. 303, it was held that one who had entered into a second contract, and had taken advantages which resulted from his action under it, was estopped from denying the validity of the contract, even though at the time he entered into it he protested that he had rights under the first contract.

This doctrine has also been applied in a number of State court cases.

In *Ferguson* v. *Landram*, 5 Bush. 230, the people of a county having united in obtaining the passage of a statute authorizing the county to borrow money to hire substitutes for the war, and to levy a tax to pay the loan, certain parties who aided in obtaining the act prayed an injunction to restrain the collection of the tax on the ground that the act was unconstitutional. It was, however, held that these persons having received benefits from the act, and having assisted in its passage, were estopped from setting up the invalidity of the statute.

In *Mayor, etc., of New York* v. *Sonneborn*, 113 N. Y. 423, plaintiff, by commissioners, leased a certain pier to defendant, who failed to pay rent, contending that the lease was void because not made by sale at public auction as required by the statute. It was, however, held that the defendant having had the benefit of the contract was estopped to set up any question as to its validity.

In *Sutton's Appeal*, 112 Pa. St. 598, 607, at a partition sale the heirs all made their bids orally instead of in writing, as required by statute. Sutton objected to heirs taking under such bids, but it was held that as he made oral bids himself, and "thus actively assented to such form of bidding and received and retained some of the benefits therefrom, he" could not "be permitted to interpose an objection to the title of the others obtained in the same manner."

Your petitioner submits that the present case affords as strong grounds for the application of the doctrine of estoppel based on the assumption of an inconsistent position as any of the cases above cited.

(3.) EQUITABLE ESTOPPEL.

Your petitioner submits that, while the foregoing seems to be the true ground for applying the principle of Estoppel in this case, yet that all the elements of an Equitable Estoppel are present, as pointed out in the petition.

The tendency of modern decisions is to broaden the limits of this doctrine and not to require strict compliance with all the limitations which were formerly insisted on.

Lord Blackburn states the true view to be taken in the case of *Burkinshaw* v. *Nicolls*, 3 App. Cas. 1004, 1026, where he says:

> "When a person makes to another the representation, 'I take upon myself to say such and such things do exist, and you may act upon the basis that they do exist,' and the other man does really act upon that basis, it seems to me it is of the very essence of justice that, between those two parties, their rights should be regulated, not by the real state of the facts, but by that conventional state of facts which the two parties agree to make the basis of their action; and that is what I apprehend is meant by estoppel *in pais* or homologation. But whether the term be used in its more or less technical sense, I take it that one common idea runs through the whole, namely, that your rights, as between yourselves, must be regulated upon the basis that that is accurate which you induced the other side to take as the basis upon which he was to act."

The facts in that case were as follows: A company issued shares to G as "fully paid," in payment for property bought from him. G transferred the stock to Nicolls as trustee for Bennett. Nicolls's name was entered on the register of the company as the holder of the shares. The company was wound up, and the question was whether Nicolls could be called upon as a contributor on the ground that his shares were not "fully paid,"—a statute requiring that shares issued for property instead of cash must be registered with the registrar of joint stock companies, which had not been done in this case.

It was held, that the company, having issued the shares as "fully paid," was estopped from claiming that they were not such, and that the liquidator was in no better position. It was also held, that Nicolls, as trustee, was entitled to the benefit of this estoppel, which ran in favor of his *cestui que trust*, Bennett.

One of the questions here decided was that *a representation, made by a party whose duty it is to make it, should form a ground of estoppel, even though the other party had every opportunity to ascertain the truth.*

Lord Hatherley says (p. 1020):

"It is much more expedient for the general safety of mankind that the persons whose duty it is to make full, true and correct representations of this nature should be assumed to have so made them, and should not be at liberty to dispute them, than that the person to whom they are made should be bound to bestir himself to ascertain whether those representations are truly and justly made."

A similar view was taken in the case of *Balkis Consolidated Company* v. *Tomkinson*, 1893, App. Cas. 396. Here Pewter, owning at the time no shares in the appellant company, executed and delivered a transfer of certain shares therein to Tomkinson, who sent the transfer to the company, and received from them a certificate under their common seal, stating that he was the proprietor of the shares. Tomkinson then sold the shares, but the company, having found out their mistake, refused to register the purchaser. Tomkinson was obliged to fulfil his contract by buying other shares in the market at a higher price, and then brought suit against the company for the price paid. It was held, affirming the decision of the Court of Appeals (1891, 2 Q. B. 614), that the company was estopped by its certificate from denying that Tomkinson was the proprietor, and that he was thus entitled to recover the damages he had sustained.

On the question as to Tomkinson having equal means of knowledge with the company, Lord Macnaghten says (page 410):

"Nor do I think that it is any answer to Tomkinson's claim to say that he had a statutory right to inspect the registers, and that if he had taken

the trouble to do so, he would have found out that Pewter had no shares to transfer."

In the case at bar, the representation was made by one who, as an expert, as the patentee himself, as the one having personal charge of the manufacture, was in the best position possible to know the truth, and whose duty it was in complying with the U. S. Statute on the subject to do so honestly and understandingly. His position was such that knowledge of the truth of his representation, so far as such knowledge is necessary as a ground for this form of estoppel, is clearly attributable to him.

Story, Equity Jurisprudence, Vol. I, §193, says:

"Whether the party, thus misrepresenting a material fact, knew it to be false, or made the assertion without knowing whether it were true or false, is wholly immaterial; for the affirmation of what one does not know or believe to be true is equally, in morals and law, as unjustifiable as the affirmation of what is known to be positively false And even if the party innocently misrepresents a material fact by mistake, it is equally conclusive, for it operates as a surprise and imposition upon the other party."

The complainant, on the other hand, as a corporation, was certainly not in a position where it was bound to ascertain the true scope of the patent in suit as against the representations made — to whom it might concern — by the patentee, who was at that time its own executive officer.

Bigelow on Estoppel, page 627, says:

"But the situation of the party to whom the representation is made is not wholly like that of the one who makes it; for the very representation may well have put him off his guard and prevented him from availing himself of sources of information open to him. And it is well settled that a clear and positive representation of fact may be acted upon, though the person to whom it was made had ample means of knowing the fact; indeed, though he had legal notice thereof, as distinguished from knowledge, as *e. g.*, by the due registration of an instrument."

Adams v. *Brown*, 16 Ohio State 75.
Mead v. *Bunn*, 32 N. Y. 275.

On the question as to the representation being an *opinion on a question of law* and as such not a ground for estoppel, your petitioner would refer to the case of *David* v. *Park*, 103 Mass.

501, decided by Mr. Justice Gray of this Court, where an action for deceit was brought against a defendant, who, to induce one party to buy his rights in certain towns under a certain patent, represented that the patent included a certain apparatus, and, to induce other parties to buy his rights in other towns, represented that there was no patent on said apparatus. The court below ruled that "the statement of the defendant was not a statement of any fact within his exclusive knowledge; and the plaintiffs might and ought to, have ascertained whether the statements were true or not."

Judge Gray said, in sustaining exceptions to this ruling:

"The evidence introduced tended to show that the defendant falsely and fraudulently stated, as of his own knowledge, and not as matter of opinion in the one case, that he had the interest in the patent right, which he undertook to sell, and in the other that the invention was not covered by any other patent. A distinct statement of such a fact by a seller, knowing it to be false, and with intent to deceive the buyer, and on which the buyer acts to his own injury, will sustain an action of deceit, even if the buyer might have discovered the fraud by searching the records of the patent office."

That proof of any *intention to deceive* is not necessary has been held, ever since the leading case of *Freeman* v. *Cooke*, 2 Exch. 654, where Parke B, said:

"If, whatever a man's real intention may be, he so conducts himself that a reasonable man would take the representation to be true and believes that it was meant that he should act upon it, and did act upon it as true, the party making the representation will be equally precluded from contesting its truth."

In *Continental Bank* v. *National Bank of Commonwealth*, 50 N. Y. 575, a teller of a bank asserted that a certification on a check was all right, and the holder consequently took no steps to protect himself. It was held that the bank was estopped from setting up that the certification was forged. Folger, J., said:—

"And we hold that there need not be, upon the part of the person making a declaration or doing an act, an intention to mislead the one who is induced to rely on it."

That the *representation was acted upon* is sufficiently shown by the purchase by complainant of the assets of Martin and Hill,

and by its expenditure of capital in the manufacture of cash carrier systems with a view to leasing them.

Your petitioner has also referred to the purchase by Messrs. Lamson and Ames of the entire capital stock of the complainant from Martin and his associates for $190,000. It may possibly be argued that whatever equities and right to urge an estoppel exist in favor of these gentlemen can not be availed of in a suit brought by the complainant corporation.

Your petitioner would, however, point out that the corporation stands to the body of its stockholders in the position of the holder of the legal title to the *cestuis que trust*, as is shown by the following authorities:

Morawetz, Private Corporations, 2d ed. Par. 237.
4 Thompson, Corporations, Sec. 5269.
Parsons v. *Hayes*, 14 Abbott N. C. (N. Y.) 419, 430, 431, 432.
Miner's Ditch Co. v. *Zellerbach*, 37 Cal. 543, 591.
Thompson v. *Page*, 1 Metc. 565, 570.
Peabody v. *Flint et al.*, 6 Allen, 52, 56.

That a trustee is entitled to reply on any estoppel which applies in favor of his *cestui que trust*, was held in the case of *Burkinshaw* v. *Nicolls*, 3 App. Cas. 1004, cited above.

Lord Blackburn says (p. 1028):

"My Lords, as for the rest, when once that conclusion is come to, it comes really to this: Is the trustee, whose *cestui que trust*, Bennett, did, by the faith of this representation, so become a shareholder, entitled to an estoppel as much as if Bennett had had the shares transferred into his name? It does not seem to me to require argument to show that that point, which really is the point which has been argued, is not doubtful."

A court of equity can, therefore, look behind this transfer of stock from Martin, Hill and Pierce to Lamson and Ames, and see that, while the corporation remained unchanged, the entire equitable interest in the assets of the corporation changed hands, and consequently such a court should require that the equities in favor of Lamson and Ames as against said vendors should be enforced in a suit brought by the corporation in reference to those very rights from which such equities arose.

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Supreme Court of the United States.

OCTOBER TERM, 1895.

Ex parte MARTIN & HILL CASH CARRIER COMPANY,

PETITIONER.

BRIEF ON BEHALF OF JOSEPH C. MARTIN IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

FREDERICK P. FISH,
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Statement of the Case.

This is a petition by complainant in the suit of *Martin & Hill Cash Carrier Co.* vs. *Joseph C. Martin*, for a writ of *certiorari*, to review the decision of the Circuit Court of Appeals for the First Circuit, which held that the first claim of the Martin patent in suit, No. 255,525, dated March 28, 1882, was not infringed by defendant's apparatus.

The case is an ordinary patent suit; the bill of complaint (pages 1–9) avers infringement of the patent in suit by defendant in the usual form; the answer, which does not deny the validity of the patent, denies that defendant's apparatus infringes the same; the only defence presented was non-infringement; and the decision of the Court of Appeals compares the patented invention with defendant's apparatus, and holds as its conclusion (page 552) : —

> "Giving as full a scope to the invention covered by the plaintiff's patent as the state of the art will warrant, we think it clear that the defendant's apparatus does not infringe."

This is not a Proper Case for the Issuance of the Writ of Certiorari.

If this Court is to be called upon to review patent causes, merely because a Circuit Court of Appeals has, according to the contention of the unsuccessful party, misconstrued the claims of the patent in suit, there will be little diminution in the number of patent causes which will come before this Court, as compared with the number which came before it prior to the Act of 1891, which gave the Circuit Court of Appeals final jurisdiction of cases arising under the patent laws.

In *American Construction Co.* vs. *Jacksonville Railway*, 148 U. S. 372, 383, this Court, by Mr. Justice Gray, pointed out that the power to require, by *certiorari* or otherwise, a case to be certified to the Supreme Court from the Circuit Court of Appeals, is "a branch of its jurisdiction which should be exercised sparingly and with great caution, and *only in cases of peculiar gravity and general importance*, or in order to secure uniformity of decision."

See to the same effect *Lau-Ow-Bew*, 141 U. S. 583, 587; 144 U. S. 47, 58.

See *In re Woods*, 143 U. S. 202, 205, where this Court said:—

> "The Circuit Courts of Appeals were created for the purpose of relieving this Court of the oppressive burden of general litigation, which impeded the examination and disposition of *cases of public concern*, and delayed suitors in the pursuit of justice."

It is perfectly clear that the case at bar is part of the "oppressive burden of general litigation," and is not a "case of public concern," or "of peculiar gravity and general importance."

Whether or not the claim of complainant's patent is to receive the extraordinarily broad construction contended for by petitioner, so as to cover the defendant's structure, which is, as the Court of Appeals said (page 551), "in substance and effect a different system," — is a question which chiefly interests the parties to this suit, and certainly does not concern the public more than the same question in any other patent case.

Petitioner's brief makes exaggerated statements of the total amount of money which complainant's systems brought in annually, but it does not show how great have been the *net* profits, or refer to the fact that at least six other Martin patents on cash carrier systems are owned by complainant, beside that here in suit. In any case, if the mere alleged profit to complainant from its patent were a ground of *certiorari*, almost every important patent case would be brought by *certiorari* before this Court, — a result which certainly was not contemplated by the Court of Appeals Act.

It is further evident that if this Court should undertake to dispose of this case, a long examination of the complicated facts in the record would necessarily be required.

Not only is the determination of infringement by a comparison of the features of the patented invention with the features of defendant's system and with the prior art simply a complicated question of fact; but also, in order to determine the existence of the various alleged estoppels by which complainant unsuccessfully endeavored in the Court of Appeals to shut out the truth of the case, the Court must consider a series of questions of fact arising from the various Martin patents, and the relations of the complainant and defendant.

The Circuit Court (Carpenter, J., p. 537) and the three judges of the Court of Appeals (Colt, Putnam and Nelson, JJ.), who heard the case fully both on appeal (page 547) and on rehearing (page 597), were unanimously and clearly of the opinion that defendant's apparatus did not infringe complainant's patent. We submit that complainant must rest satisfied with these decisions, and that there is nothing in the case which calls for a writ of *certiorari*.

These considerations *in limine* will probably be sufficient, but we consider very briefly complainant's various propositions, as we wholly deny that any one of them has even plausibility.

Petitioner contends that its Patent is a "Pioneer" Patent entitled to a Broad Construction, and is therefore infringed by Defendant's Construction.

This point, which is petitioner's fourth point (Brief, p. 38), comes logically first in the discussion, as the case was decided

wholly on the issue of non-infringement. Clearly, this is not a point upon which this Court will revise the judgment of the Circuit Court of Appeals. Moreover, the Court was indisputably right.

The plaintiff's patent says that the object is to obviate the employment of persons for carrying cash between the salesman and cashier; as pointed out by the Court of Appeals, "conveying apparatus of various kinds were old," and the prior Brown and White patents show conveying apparatus for precisely the same purpose. Consequently, the patent says in the beginning (page 191): "This invention relates to *the details of construction* of automatically moving cash boxes, and devices for moving such boxes." As the Court of Appeals holds (page 550):—

> **"In our opinion, the patent in suit cannot be considered, in any proper sense, a 'pioneer' patent, which lies at the foundation of a new art; but this is a patent, as the specification declares, for improvements in the 'details of construction.' As a store service apparatus, it was crude and imperfect."**

It is in evidence, and is not disputed, that *no system like that of the patent in suit has ever been built, except one crude wooden apparatus* (Rec. p. 86).

The differences between the complainant's patent and defendant's system (patented by Martin patent No. 399,150) are not denied in the testimony, and are clearly described in the Opinion of the Circuit Court of Appeals (pages 551, 552) which we here quote:—

> "*The track* (of the patent in suit) *is essentially an endless one*, over the entire length of which the carrier must travel in passing from one station to the other and thence back to the first station; the cable is an endless one extending throughout the entire length of the track; the motor is any suitable one to drive a cable; *the carrier*, which has a tube firmly attached to its under side through which the cord runs, *is one adapted to travel along and never be disengaged from the track;* the appliances for attaching and automatically detaching the box from the cord consist of a grip device connected with the box composed of two arms or clamping jaws, one of which is stationary and the other movable; to the latter a spring is attached, and the gripping or ungripping takes place as the movable arm is pressed against, or is released from, the endless cord by the operation of the spring.

"*The cash box at each of the two stations runs into a trough provided with a hinged spring cover.* This cover supports upon its lower side two converging cams or guards and two stops; by means of these cams and stops the box is stopped, and is unclutched from the endless cord, snd after the box has been stopped under this cover, it cannot be clutched to the cord again until the cover is lifted by an attendant. The act of lifting the cover not only removes the cams and stops out of the road of the box, but permits the grip to work so as to again clutch the cord.

"In the patented device, the cover with its cams and stops, movable with respect to the track, is a necessary feature.

"While defendant's apparatus contains elements corresponding with those of the patent in suit, *it is in substance and effect a different system. The track in this apparatus is essentially a double track*, the carriers travelling in one direction on one track and in an opposite direction on the other track. *The carrier must be capable of removal from the track and cord*, for it cannot go back to its starting point by continuous movement in one direction. It must be wholly removed from one track and placed upon an adjoining track before it can be returned to the point from which it started. This apparatus has a gripping device, *but the appliances for attaching and disconnecting the carrier from the cord are different from the patent in suit.* It has no hinged cover with its converging cams and stops movable with relation to the track. The appliance for disconnecting the carrier from the cable is a cam or projection in fixed relation to the path of movement of the carrier along the track, which operates to release the grip, and the carrier continues to move on the track until it loses its momentum or is otherwise arrested. The carrier is then placed by the attendant upon the returning track.

"*The system of the patent in suit is practically limited to a single carrier, because it must be remembered that it has only a single track, and that the carrier always runs in the same direction propelled by the endless cord.* Now if a second carrier were used, and the operator at one station should move away the stop and thus start the carrier, and the operator at the other station should fail to start the carrier from that station at the proper time, the carriers would collide, and the ungripping devices would fail to properly operate.

"*The defendant's apparatus is so constructed that an almost indefinite number of carriers may be used*, and while certain carriers will be automatically switched off from the main track and disconnected from the cable at certain stations, others will be switched off at the other stations."

It is clear that the Circuit Court of Appeals was correct in its

judgment that the plaintiff does not in his patent claim to be, and as a matter of fact was not, a "pioneer in this art," and that his claim, *limited on its face* to the "track *b*, the cash box *v*, and appliances substantially as described for attaching and automatically detaching the box," cannot be construed, as plaintiff would have it, to cover a system which is widely different in all its elements both in construction and mode of operation, upon the ground that plaintiff was a "pioneer in this art,"— a phrase which is much abused by complainants in such cases.

Complainant has no case upon the merits, and its chief endeavor (both in the Circuit Court and the Circuit Court of Appeals) was to estop the defendant from showing the truth of the case, and it asserts, in substance, that the fact that defendant assigned the patent in suit to complainant gives the complainant the right to interpret its claims as broadly as it pleases, regardless of the prior state of the art.

One who has Assigned a Patent and is Sued for Infringing the same is not Estopped from Showing that the Apparatus complained of does not contain the Patented Invention.

The principal contention of complainant is that defendant, having assigned seven cash-carrier patents to complainant, committed a "monstrous wrong" toward appellant (Brief, p. 38), in thereafter devising a cash-carrier apparatus which, as the Circuit Court of Appeals has decided, does not contain the invention of the patent here in suit.

But the full bench of the Supreme Court of Massachusetts (in overruling Judge Holmes, and deciding that complainant had no title to Martin's patent on his present system) well said:—

> "If the defendant's system is not an infringement of the plaintiff's system, then they have a right to manufacture and use it, although it was intended as a substitute for and an evasion of the plaintiff's system. In *Burr* vs. *Duryee*, 1 Wallace, 531, 574, the Court say: 'Every man has a right to make an improvement in a machine and evade a previous patent, provided he does not invade the rights of the patentee.' . . . There is no principle of law which holds that one who has sold an article impliedly agrees thereby that he will not compete with

> the purchaser in the sale of the same or similar articles, or will not produce or sell anything that may serve as a substitute therefor."
>
> (*Lamson* vs. *Martin*, Rec., p 41; 159 Mass. 569.)

Now, the material allegation of the bill of complaint in this case is (page 6), that the defendant has made, used and offered for sale "a store-service apparatus in infringement of the aforesaid Letters Patent, containing the improvements described and claimed in the aforesaid Letters Patent."

The one issue before the Circuit Court of Appeals was: Does defendant's apparatus contain the patented invention? If not, he has as good a right to make it as any other person.

It is idle to say that a Court can ascertain what is the scope of a claim of any patent as to equivalents, without reference to the prior art. The distinction betwen *anticipating* a patent and *showing its true construction* is made plain by the decisions of this Court, which, though the statute requires express notice by defendant of evidence of anticipation, admit evidence of the state of the art without notice, "to show what was then old, to distinguish what was new, and to aid the Court in the construction of the patent." *Brown* vs. *Piper*, 91 U. S. 37, 41; *Eachus* vs. *Broomall*, 115 U. S. 429, 434; *Grier* vs. *Wilt*, 120 U. S. 412, 429.

This Court has stated again and again that the breadth of construction of a claim, as to equivalents, depends upon the prior state of the art. This was elaborately pointed out in *Morley Sewing Machine Co.* vs. *Lancaster*, 129 U. S. 263, 273.

In *Miller* vs. *Eagle Mfg. Co.*, 151 U. S. 186, 207, this Court said:—

> "The range of equivalents depends upon the extent and nature of the invention. If the invention is broad or primary in its character, the range of equivalents will be correspondingly broad, under the liberal construction which the Courts give to such inventions."

See, to the same effect,—

Rubber Coated Co. vs. *Welling*, 97 U. S. 7, 8;
Washing Machine Co. vs. *Tool Co.*, 20 Wall. 342, 350.

The one issue in this case was and is *whether the elements of defendant's cash carrier or defendant's cash carrier as a whole could be held equivalents for complainant's patented invention.* How could the Court determine this except by reference to the state of the art?

Complainant contends that as defendant had assigned his patent, he cannot refer to the prior state of the art to limit what the complainant calls the "evident, natural meaning" of the language of the first claim!

1. The claim in issue has no "evident meaning" except in view of the prior art, and particularly none with reference to the doctrine of equivalents; if the scope of this claim were to be determined without reference to the art (which is impossible), the claim is certainly, on its face, narrow rather than broad. Even the complainant will agree that *the claim must be construed in view of the specification*, and the specification states that "this invention relates *to the details of construction* of an automatic-moving cash box, and devices for moving such box from one place to another"; and then describes an endless track, a box which is permanently attached thereto, and a peculiar trough with a spring cover for both attaching and detaching the box to the cord, without suggesting equivalents for any of these devices. The claim *in terms* embodies among its elements "the track *b*, the cash box *v*, and appliances substantially as described for attaching said box to said endless cord, and for automatically detaching said box therefrom." *The specification and claim, on their face, show* (so far as it can be shown without reference to the prior art) *that the invention is a narrow one*, and that the patentee makes no such claim to being a "pioneer" as complainant now makes for him.

The fact is that complainant is seeking to broaden the claim out of all reason, not that defendant is endeavoring to narrow it.

We submit that, plainly, the Circuit Court of Appeals was right in refusing to shut its eyes to the prior art. *The Court will understand that the Circuit Court of Appeals did not limit the claim by reading into it some element not therein referred to, but simply construed it according to the fact, determining what it was that had been invented and was patented, and held that the claim could not cover a system which was "in substance and effect a different system."*

2. Morever, petitioner's legal argument is wholly untenable.

An assignor has the same right as any other alleged infringer to show that *he is not using the patented invention, and to show what the patented invention is, the state of the art must be necessarily referred to*; the language of the patent cannot be construed intelligently without it. No adjudged case on final hearing has ever decided the contrary. The law is shown in three well-considered decisions of the Court of Appeals for the First Circuit, namely, in the case at bar (Rec., p. 548), and in the earlier cases there cited, of *Babcock* vs. *Clarkson*, 63 Fed. Rep. 607, and *Ball & Socket Fastener Co.* vs. *Ball Glove Fastening Co.*, 58 Fed. Rep. 818.

These decisions have since been followed in *Western Telephone Construction Co.* vs. *Stromberg*, 66 Fed. Rep. 550.

See *Thorn Wire Hedge Co.* vs. *Washburn & Moen Manufacturing Co.*, 159 U. S. 423, 449.

The English cases are explicit to the same effect.

Hocking & Co. vs. *Hocking*, 4 Rep. Pat. Cas. 434, 438, 443 (Cotton, Bowen & Frye, JJ.).

Ashworth vs. *Roberts*, 9 Rep. Pat. Cas. 89, 92 (Romer, J.), and on appeal, 9 Rep. Pat. Cas. 309.

Trotman vs. *Wood*, 16 C. B. (N. S.) 479.

The English case of *Clark* vs. *Adie*, L. R. 2 App. Cas. 423, 425, 429, is in the same direction.

The petitioner refers to an *alleged oral* decision of Mr. Justice Brewer. This, of course, is not part of the law; and we have no means of knowing what the facts were, or what was the ground of the decision, which was on motion for preliminary injunction. The learned judge undoubtedly applied the law correctly, but to some particular state of facts, which justified the grant of a preliminary injunction on some tenable ground.

Martin is not Estopped to Show What is the Invention Patented by the Patent in Suit, either by his Later Patents or by Dates Marked on Carriers Manufactured by Him.

Complainant's second and third points, which may be considered together, relate entirely to questions of fact, which clearly do not call for a writ of *certiorari*. It is claimed that certain recitals in

Martin's patents issued subsequent to the patent in suit, and certain acts of Martin, estop him from maintaining that his present cash-carrier system does not infringe the patent in suit.

The law of estoppel, as applicable to this case, is perfectly well settled, and there is no substantial disagreement between the parties as regards the law. The question is one of *fact*, as is usual with questions of estoppel, and such question cannot be regarded as "a matter of grave public interest."

To understand how untenable petitioner's position is, the sequence of the Martin patents is important. The "Martin & Hill System," manufactured by complainant, was marked (as petitioner says) with the dates of no less than six patents, which had been assigned by Martin to complainant.

It is agreed that the Martin & Hill system is shown as finally developed in the last of these patents, No. 368,219, Aug. 16, 1887 (Petitioner's Brief, p. 27). And this patent, which shows the Martin & Hill system in all particulars, expressly recites (Rec., p. 251): —

> "*My invention is embodied in a conveying apparatus for store service, having the same general construction and principle of operation as the apparatus shown in Letters Patent No.* 284,456, *dated Sept.* 4, 1883, *and No.* 314,339, *dated March* 24, 1885, *to which reference may be had.*"

Note, therefore, that in this patent, which was *issued four months before complainant company was organized*, and the successive Martin patents assigned to it, there was a distinct recital that the perfected Martin & Hill system shown in this patent had the same general construction and principle of operation as two only of his former Letters Patent, one of which shows the three-wire track, the guide pin at the top of the box and the deflecting guides, and the second the peculiar gripping devices, which were the salient features of the Martin & Hill system.

None of the salient features of either Martin's earliest patent here in suit, or his pneumatic carrier patent, No. 334,599, *were embraced in this system.* The recitals of patent 368,219 pointed out to all the world, before complainant company was organized, which of Martin's patents were embodied in the Martin & Hill system.

Complainant's first contention as to estoppel is that because Martin's second patent, No. 276,441 (Rec., p. 221), contained two lines, stating that "this invention is in the nature of *an improvement upon* my patent of March 28, 1882,"—therefore he is estopped from saying that the apparatus shown in his second patent does not infringe the claims of his first patent. This obvious fallacy is predicated on the proposition (Petitioner's Brief, p. 25) that this recital means that the second patent contains the invention of the first, "with additions thereto or changes therein not affecting its essential character."

This point, surely, does not require argument on our part. If a man "improves on" a patented invention by taking the substance of the invention patented and making certain additions thereto, he is an infringer; if, on the other hand, in "improving on" an earlier patent, he discards the patented devices, and uses something else, which is not a substantial equivalent for those patented devices, he is not an infringer.

It is extremely common, where the later of two patents in the same line was taken by a different inventor, to find a recital in the later patent that it is an "improvement on" the earlier patent; and we never heard (until complainant advanced the proposition) that such a statement implied that the second patent infringed the first, and would "estop" the later patentee from denying the infringement in a suit on the first patent.

It is perfectly well settled that where a second patent is "an improvement on" an earlier one, it may or may not be an infringement, according to the facts. See, for example, *Cantrell* vs. *Wallick*, 117 U. S. 689, 694:—

> "Two patents may both be valid, when the second is *an improvement on* the first, in which event IF *the second includes the first*, neither of the two patentees can lawfully use the invention of the other without the other's consent."

The statement that Martin's second patent was "an improvement on" his first still left the question perfectly open, whether it improved by using the patented invention of the earlier patent with additions, or by discarding some part of that invention and employing a device which was not a substantial equivalent.

Furthermore, this very second Martin patent, in the lines which follow this recital, shows that he has discarded features which are essential to the invention of his first patent; for he says (lines 40–56), that while he still employs the endless moving cord and cash boxes of his earlier patent, he uses a different kind of track and different means for disconnecting the boxes.

Furthermore, if the proposition could be for a moment entertained, that this recital was an estoppel of Martin to deny that the system of his second patent infringed his first patent, we fail to see what bearing this would have on the case at bar; for the defendant's present system is widely different from the system of patent No. 276,441, and such a technical estoppel would surely not be extended to cover any other system than that specifically shown in the second Martin patent.

An estoppel which petitioner urges more seriously is, that because complainant company, while under Martin's management, and its predecessor, the firm of Martin & Hill, affixed to their cash carriers a plate containing the dates of six Martin patents owned by complainant (including the patent in suit), and issued circulars with the same dates thereon; therefore defendant is estopped from denying that the Martin & Hill system contained the invention of each and every one of these patents. The petitioner puts its argument in the form that this marking estops Martin from denying that this system contained the invention of the *patent in suit;* but it is, of course, obvious that the argument applies as much or as little to the other five patents marked thereon.

It is not shown that defendant had any special connection with these marks, or that he or any one else used them otherwise than in perfect good faith, or that they were intended for the complainant company to act on, or that the complainant company, or any other person, ever relied upon these marks or took any action on account of them, or that complainant company had not the same means as defendant for determining the construction of the patents, or in fact had not full knowledge as to the entire subject.

The untenability of this argument is apparent on so many grounds that it is impossible to discuss them fully. It was fully considered

by the Circuit Court (page 537), by the Circuit Court of Appeals (Rec., p. 549), and by the same Court on an elaborate argument on re-hearing (Rec., p. 597); and three times the Courts have held that there was no force whatever in this contention.

We can only suggest a few of the objections.

First. The only object of such marking of the dates of patents is to meet a provision of Revised Statutes, Sect. 4900, that if complainant has not marked the articles he sells with the date of the patent in suit "no damages can be recovered except after actual notice to the defendant."

This rule is strictly enforced (*Dunlap* vs. *Schofield*, 152 *U. S.* 244); and it is therefore the common practice for manufacturers to mark on an article the dates of all their patents which relate to that class of article. Such a marking is a notice to any possible infringers that the manufacturer owns such and such patents relating to the article. But to hold that such a statement is a representation, binding for all time, that the articles so marked do, as a matter of law, contain the invention of every claim of every patent marked upon them, is impossible. As Judge Carpenter held (page 537):—

> "I do not think that this proceeding amounts to a representation that the apparatus on which the marks are put would be, if made by an unauthorized person, an infringement on all the patents so indicated, still less on all the claims of all those patents; but only to a representation that such an apparatus might be an infringement on some part of any or all such patents. The dates are put on to protect against any possible claim that the patented article had been unmarked, and not to set up a claim as to the extent of the protection afforded by the patents."

See to the same effect, *Harper & Co.* vs. *Wright & Butler Lamp Manufacturing Co.*, 65 L. J. R. (Part 3), 161, 165 (Court of Appeals).

Second. Such marks of the dates of patents, if they can be regarded as a representation that the structure marked is embraced by one or more claims of each of the patents whose dates are marked thereon, is simply a statement of an opinion on a question of law, namely, the scope of the claims of the several patents. The con-

struction of a claim is a question of law, which is to be settled by the courts, as we have shown, upon a consideration of the prior art; and the knowledge of a patentee on such a question is no greater than that of any other person.

In fact, it is a question on which the Courts will not entertain the opinion of experts.

Corning vs. *Burden*, 15 Howard, 252, 270.
Winans vs. *N. Y. & Erie Railroad Co.*, 21 How. 88, 101.

The complainant had the same *means of knowledge* on this question as the defendant; and it is not shown that it did not have the same *actual knowledge*.

It is elementary that such representations can form no ground of estoppel.

Sturm vs. *Bowker*, 150 U. S. 312, 336.
Andreæ vs. *Redfield*, 98 U. S. 225.
Brant vs. *Virginia Coal & Iron Co.*, 93 U. S. 326, 337.

Third. It is not even *suggested* in the record that *any person ever relied on these marks on the apparatus and circulars, or even paid any attention to them*, either when the complainant company was incorporated or when its stock was bought by Messrs. Lamson and Ames. Ames gave a deposition, but did not even suggest that he or any one was influenced by or knew of these marks. Obviously, no sane person could have placed any reliance on such a thing.

The rule in such cases is well brought out by *Cropper* vs. *Smith*, 26 Ch. Div. 700. The defendant, Hancock, was the patentee of the patent in suit, and had gone into liquidation, after which his patent had been sold to the plaintiff by the trustee. Thus there was no estoppel of Hancock as assignor, and the question arose whether Hancock was estopped by his sworn statements in the application of his patent to deny that the invention was *novel*. Certainly, such representations were more solemn and more certain to be known by the plaintiff than the marks which are here relied on by complainant. But the Court of Appeals held, in an elaborate judgment, that there

was no estoppel, and their remarks are very pertinent to this case, showing that there is no estoppel where it is not *definitely proved* that the plaintiff *relied on* the statements, and that the Court cannot *guess* that people rely on such statements.

Lord Justice Cotton said that Hancock was not estopped by his petition to the Crown, representing that the invention was a new invention, because it was not proved that the plaintiff relied on any such statement, remarking (page 706),—

> "*As a rule, people do not rely on any statement made by the patentee, but they buy the patent, forming their own opinion as to its worth*, taking their chance (unless it has been established) of their being able to establish its validity if the question comes before a court of law."

Similarly, Lord Justice Bowen said (page 709) on the same subject,—

> "*What sensible being in this world, who buys a patent, buys it on the strength of the assertion made by the patentee that the invention is new?* We know that a person who buys a patent generally takes it for what it is worth, and there is absolutely no evidence in this case that the plaintiffs, who bought from the trustee in liquidation, and who gave a very small sum for the patent, relied in the least on the allegations made in the petition to the Crown by the patentee that the invention was novel."

Similarly, Lord Justice Frye (page 713) pointed out on this same head that,—

> "If it had been shown that the plaintiffs had purchased on the faith of this assertion by the defendant, it may well be that the defendant would have been estopped, but there is no evidence from which I can conclude that the plaintiffs did so purchase, and consequently this head of estoppel, in my opinion, fails like the other two."

The case subsequently went to the House of Lords, which confirmed this judgment on the question of estoppel, which Lord Selborne said was clearly correct.

Smith vs. *Cropper*, 10 App. Cas. 249, 259.

It is well-settled law, in general, that the party setting up an estoppel must have been misled by the representation; that is, that

he must have been in ignorance of the real facts, and must have acted on the representation.

Leggett vs. *Standard Oil Co.*, 149 U. S. 287, 293.
Reynolds vs. *Adden*, 136 U. S. 348, 352.
Bloomfield vs. *Charter Oak Bank*, 121 U. S. 121, 135.
Hobbs vs. *McLean*, 117 U. S. 567, 581.
Ketchum vs. *Duncan*, 96 U. S. 659, 666.

Petitioner, in its brief, does not claim to set up any evidence that anybody relied on these statements, but says (pages 33, 34) that it is a "reasonable conclusion" that these marks were relied on in the organization of complainant company, and in the purchase of its stock by Lamson and Ames. As a matter of fact, the reasonable inference is all the other way. If these gentlemen were business men of ordinary capacity, they must certainly have investigated the scope of the patents for themselves.

In any event such reliance must be *proved*, and the courts will not *guess at it* in the absence of proof.

Fourth. The absurdity of the whole argument is shown by considering that six dates were marked on this apparatus, and the petitioner admits, necessarily (Brief, p. 32), that "the mark put on is just as much a representation in regard to each one of the several patents enumerated."

Now, patent 334,599, Jan. 19, 1886 (the date of which is marked thereon) was not a cable carrier at all, but a pneumatic carrier, in which a frame *c*, running on two wheels *b* which fitted the V-shaped edges of a track, was thrown over by hand or by a piston rod. It is admitted on all sides that not a feature of this patent was found in the Martin & Hill system; and yet, according to the complainant's argument, defendant Martin would be estopped, in a suit on that pneumatic carrier patent, to deny that the Martin & Hill carrier, which did not contain a single feature of that patent, was an infringement of its claims.

Fifth. Petitioner also argues (Brief, p. 34) that there is a doctrine of law, which it calls "the doctrine of inconsistent positions," preventing a man from taking one position after he has taken

another; and it is argued that Martin, having made a representation as is alleged, that these patents were embraced in the Martin Hill system, cannot ever take the position that any one of the patents was not embraced in that system. This is simply an attempt to abrogate all the limitations of the doctrine of equitable estoppel (which insists among other things that the representation must be relied on, and must be one which the other party had a right to rely on).

A case directly in point is *Haughey* vs. *Lee*, 151 U. S. 282, where the second assignment of error was, —

> "That defendants are estopped from asserting that there is no patentable novelty in plaintiff's invention by their conduct in seeking to procure a patent for substantially the same invention."

The Court held that there was "no merit in this proposition," saying, —

> "Whether or not there is any *inconsistency* in trying at one time to get a patent for a supposed invention, and in afterwards alleging, as against a rival successful in obtaining a patent, that there is no novelty in the invention, it certainly cannot be said to *constitute an estoppel*."

Plaintiff's attempt was the same as petitioners in the case at bar, to enforce an estoppel in a case which did not legally admit of it by the use of the words "inconsistent positions." In the absence of the proper requisites of an estoppel, as enumerated above, the attempt was repelled by this Court.

The cases cited by petitioner (Brief, pp. 77–79) have no tendency to support petitioner's proposition. They are all cases on the point that one who has received a benefit under a contract, law or statute cannot subsequently claim that the same is invalid, while retaining the advantages received under it. This has no bearing, obviously, on the case at bar. Plenty of decisions show that a party may make a representation, and yet subsequently show the opposite to be the truth. See

Reynolds vs. *Adden* (supra).
Hobbs vs. *McLean* (supra).
Smith vs. *Cropper* (supra).

Sixth. Even if complainant could establish an estoppel to deny ... the Martin & Hill system embraced the inventions of each ... all of the six patents marked thereon, this is no reason why the ...ppel should be extended to prevent the defendant from denying ... his system, patented by patent 399,150, does not contain the ...ntions of any one of those six patents. The Supreme Court of ...achusetts, in *Lamson* vs. *Martin* (Rec., pp. 34, 38), pointed out ...rge number of differences in the track, the carrier, the gripping ...ces and the detaching devices between the Martin & Hill ...em and the defendant's system. No reason is perceived why the ...ed estoppel, to deny that the *Martin & Hill system* embraced ...invention of these six patents, should be extended to an estoppel ...ny that *another and patentably different system* embraced that ...ntion.

Conclusion.

We submit that the three careful decisions of the Circuit Court ... the Circuit Court of Appeals are plainly correct; that com...ant's contentions are wholly without merit and are not founded ...w; that the case is an ordinary patent case, involving solely the ...tion of infringement and of the scope of the first claim of the ... in suit as bearing on that question; and that no case of "peculiar ...ty and general importance" is here involved. The petition for ...rari should be dismissed.

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